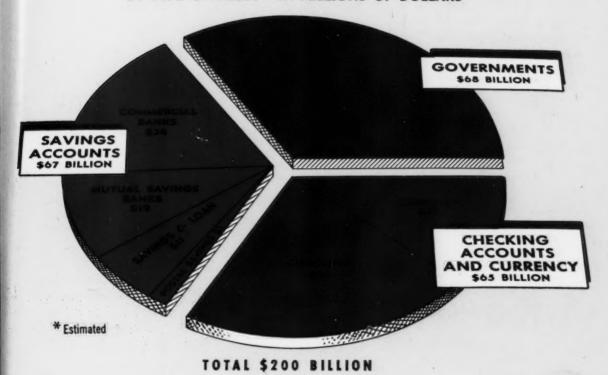
# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JULY 1949

LIQUID ASSETS OF INDIVIDUALS, APRIL 30, 1949\*
BY TYPE OF ASSET - IN MILLIONS OF DOLLARS



(See page 37)

Is Bank Advertising Read?

(page 33)



As a result, thousands of bankers automatically suggest loans based on Douglas-Guardian field warehouse receipts. They know that, no matter how favorable their opinion may be of the borrower's stability and integrity, the bank is always better protected when it lends money on known security—on actual merchandise backed by Douglas-Guardian's dependable warehouse receipts.

To assist you in outlining to your customers the many advantages of borrowing on inventory, write our nearest office for copies of our illustrated booklet "Our Story Has Three Sides."

You make the loans, we'll make them safe.

# DOUGLAS - GUARDIAN WAREHOUSE CORPORATION

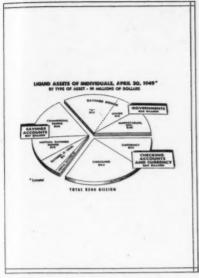
WAREHOUSE CORPORATION
"The Bankers' Field Warehouse Company"



NEW ORLEANS 1, La., 118 North Front St, NEW YORK 4, N. Y., 50 Broad St. CHICAGO 2, III., 173 W. Madison St. ATLANTA 3, Ga., Hurt Bldg. CLEVELAND 14, Ohio, Union Commerce Bldg. DALLAS 1, Texas, Tower Petroleum Bldg. LOS ANGELES 14, Calif., Garfield Bldg.
MEMPHIS 3, Tenn., Porter Bldg.
PHILADELPHIA 2, Pa., Girard Trust Bldg.
PORTLAND 4, Ore., U. S. Not'l Bank Bldg.
ROCHESTER 4, N.Y., Commerce Bldg.
SAN FRANCISCO 4, Calif., 300 Montgomery St.
SPRINGFIELD 3, Mass., 172 Chestnut St.

SPRINGFIELD, Mo., McDaniels Bldg.
TAMPA 2, Fla., 416 Tampa St.
HARTFORD, Conn., 149 Woodland St.
KANSAS CITY, Mo., 1207 Grand Ave.
MIAMI 37, Fla., 3582 N. W. 46th St.
ALBUQUERQUE, N. Mex., 3708 Mesa Verde Drive

# BANKING JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Some discussion of this chart and related statistics appears in the Washington article, page 37

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#### **CONTENTS FOR JULY 1949**

Just A Minute	3
Around Our Bank	14
Visual Aids In Training Programs	16
28 Bankers Build a Textbook Steve S. Gilman	20
Heard Along Main Street	23
Is Bank Advertising Read?	33
WashingtonLawrence Stafford	36
Know-Your-Bank Week	38
What Shall I Talk About? Lionel Crocker	39
I Used to Be A Newspaperman Myself  Drawings by Dick Erickson	40
How Much Is A Dollar's Worth?	42
A Comment On Mr. Einzig's Article Walter E. Spahr	43
Good Towns Don't Just Happen John DeJong	44
${\bf Banks+University+Business=Community~Progress} \\ {\it Leland~Gordon}$	46
Methods and Ideas	48
The A.I.B.'s Big Year	50
World Business	52
Marital Deduction Regulations	53
THE COUNTRY BANKER News for Country Bankers	54
Who Owns the Farm Mortgages? Edgar T. Savidge, Jr.	60
THE INVESTMENT MARKET Government Bonds	62
Other Securities	64
	04
Controls End — No Credit Spree in Sight (Consumer Credit Digest)	66
Bank Law News	68
Other Organizations	74
Banking News	77
Calendar	82
Fourth Study in Public Relations Series Mary B. Leach	89
Banking's Advertisers	100
Business Aids	101
New Books	102
The Condition of Business	104



Confidence is basic in American Business... an influence which binds together all elements of a vast commerce... a faith in which industry may carry on with assurance that honesty and fair dealing prevail.

La Monte Safety Papers enjoy the confidence of the Business World. They are relied upon by a large majority of the nation's leading banks... an endorsement which has made them the national standard for quality and safety.

# La Monte SAFETY PAPER FOR CHECKS

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GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



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COMMERCE CITY, U.S.A.

NATIONAL PRODUCTION BANK

NATIONAL PRODUCTION BANK

OF THE CONSTRUCTION CORPORATION & S.

PAY TO THE SE GITT CONSTRUCTION CORPORATION & 6

SET THOUSAND SEYFW HUNDRED THERTY SEVEN 50/100 S

U.S.



#### The Compleat Anglers

Here's a winter vacation fish story for summer vacation reading. It was first printed in the *Guildsman*, published by the Washington Newspaper Guild. We picked it up from the *Evanston* (Illinois) *Review*.

GEORGE C. WILLIAMS, president of Evanston's State Bank and Trust Company, and Frank C. Rathje, president of the Chicago City Bank and Trust Company and former head of the A.B.A., spent last February at Key West. The bankers did some highly successful fishing. Mr. Rathje's catch included a 250-pound whip ray, which is quite a specimen.

When pictures of the prize arrived in Evanston, Mr. WILLIAMS inspected them carefully. Then he wrote this letter to Philip Murray, president of the CIO:

"Dear Mr. Murray:

"Your boys surely get around. I have just returned from a fishing trip at Key West with my friend Frank Rathje, former president of the American Bankers Association. He caught three whip rays. Here is a picture of one of them. The spots on its back are all C's, I's, and O's. This is all very discouraging to us capitalists."

Mr. Murray replied:

"Dear Mr. Williams:

"Thanks very much for the picture of the CIO whip ray.

"As you probably know, they are very smart animals. I understand they are determined to get the Taft-Hartley Act repealed!

"If any of our members catch any fish with the initials' ABA' of the American Bankers Association, I shall be delighted to send the photo to you post-haste."

#### Indeed They Don't!

Good Towns Don't Just Happen" (page 44) tells the story of Canton, Missouri, and a banker's contributions to its improvement.

Author John De Jong, assistant director of the A.B.A. News Bureau, points out that Canton is just one example of a wide-awake, progressive, happy community. Also, Willard A. Hawkins, president of the Canton State Bank, is representative of the many bankers who have active, constructive contacts with the lives of their communities.

The story narrates, in some detail, what's happened to Canton since 1935, and what the State Bank and its president have done toward getting the town out of a rut.

#### \$64 Advertising Question

It's this: "Are your bank's ads read?"
If not, why not?

Well, a few minutes spent with the ALLEN B. SIKES article (page 33) may provide clues.

Mr. Sikes is service manager of the

When
you
have
a
Philadelphia
story
to
tell

you naturally want complete
 local banking facilities that will
 enable you—or your customers
 to do full justice to it.

Central-Penn has just such facilities. Make use of them, won't you, as occasion warrants.

#### CENTRAL-PENN NATIONAL BANK

Member Federal Deposit Insurance Corporation



#### GREATEST IMPACT

on business executives

Because it gives them complete, accurate, unbiased business and financial news, business executives in all 48 states read The New York Times. Airplane delivery puts The Times on sale day of publication in over 100 key cities throughout the U. S.

#### The New York Times

"All the News That's Fit to Print"



DE O . NAME

- SPECIALISTS IN-

## United States Government Securities



State and Municipal Bonds



#### C. J. DEVINE & CO.

48 Wall Street, New York 5

Chicago · Boston · Philadelphia · Washington · Pittsburgh Cleveland · Cincinnati · St. Louis · San Francisco

Direct Wires to all Offices



## Are you getting your share

#### ... of the \$10,000,000 daily trade between the U.S. and Canada?

A substantial part of this huge business is financed by or cleared through The Canadian Bank of Commerce with smoothness and dispatch.

Perhaps your company, too, can benefit from our facilities (550 branches in the Dominion) which cover Canada completely. You are cordially invited to avail yourself of them.

These facilities are at the disposal of American Banks in behalf of their customers.

Monthly Commercial Letter upon request

#### THE CANADIAN BANK OF COMMERCE

**Head Office: Toronto** 550 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES



"You're not planning any practical jokes are you, Mr. Kelley?"

Bureau of Advertising, American Newspaper Publishers Association. For the past 10 years the Bureau has been conducting a continuing study of advertising readership-which ads get attention, which do not-and it has published in pamphlet form a number of observations on financial copy.

Our article includes pointers as to what makes one ad pull better than another. It also draws attention to two reasons why bank ads miss a high read-

ership mark:

(1) Because they are extremely selective—that is, intended to reach only a minority of newspaper readers (loan ads, for example). In the case of these advertisements, the Bureau finds, high readership may not be essential.

"(2) Failure to use techniques which research indicates tend to produce higher-than-average readership.'

#### Ye Grateful Borrower

THE proprietor of a beauty salon in Springfield, Massachusetts, recently wrote (and paid for) a newspaper ad thanking the Government, his bank, and "ladies of Greater Springfield" for their contributions to the success of his business. This is what he said:

"On July 29, 1946, I opened my new place of business with ambition and a big GI loan. It was accompanied with some of the nervousness I had experienced under shell-fire in Europe. But the Army had taught me much about self-preservation for the future.

"Today that \$4,600 GI loan has been paid in full-four months ahead of its maturity schedule. In no other country

(CONTINUED ON PAGE 6)



Central National Bank of Cleveland has "facts in a flash" with a new Kardex Customer Information File. Operators telephone information directly from the file, making the most of Kardex finding speed.

#### . With Kardex Mechanized Customer Information Files

Mechanized Chaindex for accuracy... Kardex for speed, with a system that brings sweeping economy as well! It's a Customer Information File which sets a new standard of efficient operation.

ACCURACY— Customer Information is unfailingly accurate. Mechanized Chaindex means simply that records are printed directly from address plates, where errors are sure to be caught and corrected. These Chaindex cards are then locked into Kardex pockets—completely eliminating jumbled files and lost records.

SPEED - Kardex visible indexing gives speedy finger-flip reference. And plug-in phones provide a means of answering inquiries right at the file, without withdrawing records. The file shows instantly

which services of the bank a customer uses. No time is wasted contacting departments not affected.

ECONOMY—The unique time savings of this visible system mean a sharp reduction in clerical overhead. Actual case studies show procedure steps are cut by as much as 40%, and up to 60% is saved in transportation distances.

See how your bank can cash in on the valuable time-saving and service features of a Mechanized Customer Information File. The whole story is yours for the asking at the nearest Remington Rand office. Ask to see Management Controller 731, which describes in complete detail—step by step—this unique new system. Or write to Systems Division, 315 Fourth Avenue, New York 10.

Copyright 1949 by Remington Rand Inc.

Remington Rand

THE FIRST NAME IN BUSINESS SYSTEMS

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THE SIKES COMPANY, Inc. 24 CHURCHILL ST. BUFFALO 7, N. Y.



#### "I SAT IN A SIKES CHAIR!"

"Talk about business-building value! I was impressed with the hospitableness and integrity of that office the moment I saw that Sikes chair. It had a "make-yourself-athome" look. Any conference must get off to a good start in an atmosphere with such a distinguished welcome."

Yes, put personality in your office...it will help you in your business. Send for our new folder showing matching swivel Chair No. 1913 and other gracefully styled, top grain leather upholstered chairs.

#### have veterans received the business help which is given in America. My future has been secured in Springfield, Massachusetts, U.S.A. I am very grateful and hope to serve you for many years to come.

"It all happened because of you, my customers; the GI loan made possible by the United States Government; and the cooperation, advice and wise counsel of the Springfield National Bank.

AARON W. STARK."

The bank did not solicit the ad, reports Vice-President A. J. GUFFANTI. Also, he says, it was the first time in his experience that a customer "ever publicly thanked the bank for what we have done."

#### Thanks, Gag Writers!

In its May issue BANKING published the Dick Ericson cartoon reproduced



above, and invited readers to supply the title or gag line, as it's known in the trade. "What's the pupil saying?" we asked—and offered a year's free subscription to the authors of the witticisms the editors liked best.

Well, it was no easy task to cull the crop of entries. However, a decision had to be made, so we picked these:

#### Winners

FIGURE interest? My pa says that oughta be a cinch in your class, Miss Young."—HAL DRESSEL, River Rouge, Michigan.

"I could answer it teacher, but I'd rather stay after school."—C. V. Nel(CONTINUED ON PAGE 11)

# COLOMBIA

#### **Presents Extensive Opportunities**

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

#### BANCO COMERCIAL ANTIQUEÑO

Established 1912

Cable address for all offices—Bancoquia

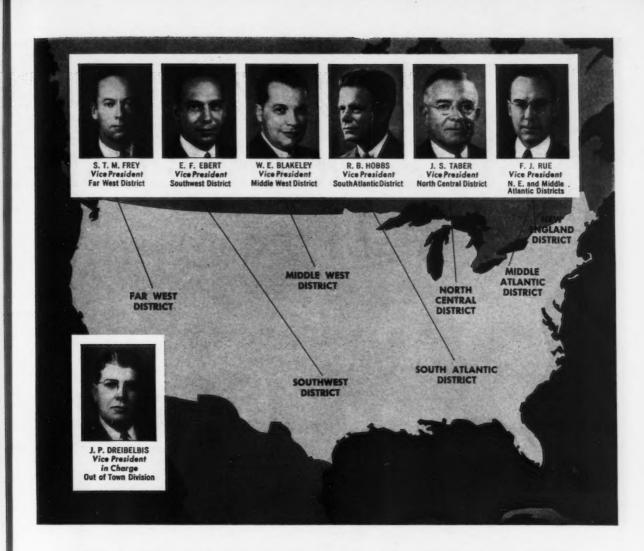
Capital paid-up: \$8,195,000.—Pesos Colombian Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA BRANCHES: Anserma (V). Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangue, Manizales, Monteria, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

Berrio, San Gil. San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.



#### How these 7 men work for you and your bank

THESE men are part of a Bankers
Trust Company team whose
responsibility is the handling of the
Bank's out-of-town business.

The aim of each man, and the experienced staff working with him, is to help our customers with their New York banking arrangements, and to point the way to the effective use of the many services this Bank offers.

Here are six typical services that are available to you:

Government and Municipal Bonds As a primary dealer we maintain an active market. All prices are net.

#### **Portfolio Analysis**

We will analyze your bond account,

advise on arrangement of maturities, recommend what to buy and sell.

#### **Pension Plans**

We will be glad to work with you on your own pension problems and those of your customers.

#### Collections

Fast, dependable collection of coupons, bonds, checks, notes, drafts, trade acceptances, bills of exchange.

#### **Credit Information**

Prompt, thorough reports prepared

by a large and well-trained staff.

#### Foreign Banking

Including collection of foreign items, exchange transactions, and financing of overseas shipments.

You will find these men go beyond the routine in the handling of your business. They will be glad to work with you on any of the problems that concern banking transactions in New York.

#### BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



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Now You Can

CUT MICROFILMING COST.





Linked in the Age of Microfilm

Precision-built microfilm equipment, developed and manufactured by Bell & Howell, is distributed and serviced exclusively by Burroughs.

# INCREASE MICROFILMING EFFICIENCY

## BURROUGHS HAS IT!

A new, perfected Recorder that photographs more documents on one roll of microfilm-cuts film costs, cuts processing costs, cuts filing space! Further economy is assured through one-time purchase rather than continuous rental.



New developments in automatic feed and other operating features that make microfilming far faster, far simpler. Burroughs microfilming is so easy that one girl, using two feeders, can operate two Recorders.

## BURROUGHS HAS IT!

New flexibility that makes microfilming a more useful. more versatile business tool. Burroughs can meet your microfilming needs more specifically with modern precision-built microfilm equipment.

## call Burroughs for a demonstration

You owe it to yourself to find out how much more time, money and effort you can save with Burroughs microfilm equipment. Call your nearest Burroughs office, or write-BURROUGHS ADDING MACHINE COMPANY **DETROIT 32, MICHIGAN** 



The Burroughs Reader is a marvel of simplicity for showing a clear, readable image—enlarged to the actual size of the original document, or larger—even when used in a brightly lighted room. Photographic facsimiles, to actual size, can be made in a few minutes.

WHEREVER THERE'S BUSINESS THERE'S Burroughs





See "Pageant of Progress", as thousands saw it daily for a week during the Wisconsin Centennial Exposition at Milwaukee last summer. Filmed then, this Case pageant of quaint costumes, strange skills, ancient tools and modern machines has been made into a full-color sound movie. Besides being shown by Case dealers, it is available for meetings sponsored by banks, civic clubs, educational agencies and farmer groups. Write now for reservation of future date. Address our nearest branch. J. I. Case Co., Racine, Wis.

• At the start of the century spanned by Wisconsin's statehood, this was a fairly modern threshing rig. Six years earlier, Jerome I. Case had started in business with the groundhog—the taller unit next to the tread-power. The low part, extending like a shadow from the groundhog, was an added attachment. Aided by hand raking, it shook threshed grain from straw.

Within a dozen years Case was building complete machines that released the rake-hands, rolled on its own wheels, did the whole job better and far faster. Along the lengthening shadow of the ground-hog appeared a host of advances—the Eclipse and Agitator threshers; horsepowers, steam engines and gas tractors; and in 1923 the prairie-type combine, pioneer of today's most modern harvest method. In one short century the equipment of farming advanced more than in all the earlier centuries.

American freedoms had broken the stagnation of centuries. Chief among them was freedom of any man to engage in any enterprise, and to retain the rewards of his invention and initiative. Included was freedom to lend and to borrow. Today, financing of farm machinery has become big business. A century of experience . . . as borrower and lender as well as builder . . . fortifies the Case belief that financing of farm machinery belongs to local banks.



CASE.

Case Model "A" 6-foot Combine son, Farmers & Merchants Savings Bank, Waterville, Iowa.

> "Roses are red, Violets are blue; My father wishes He was in school, too!"

1 1

-HAROLD F. SEELEY, Purdum State Bank, Purdum, Nebraska.

"My pop got his figure out of BANK-ING. Where did you get yours?"—P. S. SHOEMAKER, Cleveland.

Teacher: "Billy, recite 'Mary had a little lamb' for the class."

Billy:

"Mary had a little lamb,
It looked just like its mother;
And if I could have a date with you—
Oh ooooooo, brother!"

--LORRAINE GRAHAM, Farmers' and Merchants Bank, Morgantown, West Virginia.

J. G. THOMPSON, JR., president of The First National Bank of Middleburg, Pennsylvania, sent in two winners . . . (but just *one* subscription, Mr. T.):

"My father must think you're poor, Miss Smith, 'cause he said he'd like to get you a loan."

And:

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"My father says interest can be created in other ways, too."

#### Bankers in the Classroom

The 15th resident session of The Graduate School of Banking and the 47th annual convention of the American Institute of Banking, both of which came last month, are reminders that the urge toward self-improvement has had no difficulty in surviving the age of mechanization.

The Graduate School had a record roster of students during its sojourn at Rutgers, while the Institute, entering its 50th anniversary year at the convention in Portland, Oregon, has the largest membership in its history. Nearly 90,000 bank men and women are now A.I.B.ers, and approximately half of them are taking the Institute's study courses.

In addition to these two A.B.A.-sponsored educational services, many other banking schools are offering opportunities to bankers who realize the importance of keeping pace with the times.

J. L. C.



THE MODERN direct routing service of Bank of America in California today is a far cry from the pony express of nearly 100 years ago. One account with Bank of America, either in Los Angeles or San Francisco, affords you direct, prompt handling of collection items in any of the more than 300 California communities where this bank has branches. Direct your inquiries to Bank of America, 300 Montgomery Street, San Francisco 20; or 660 South Spring Street, Los Angeles 54.

Foreign branches in London, Manila, Kobe, Tokyo, Yokohama, Shanghai. New York Representative: 44 Wall Street. Correspondents throughout the world.

## Bank of America

NATIONAL TRUST AND ASSOCIATION

California's Statewide Bank

Bank of America Travelers Cheques are known the world over. Sell them to your customers, some of whom may be coming to California during this Gold Rush Centennial year.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION . MEMBER FEDERAL RESERVE SYSTEM

BANKS

# Revolving Door Case File #416



32 YEARS' EXPERIENCE SPECIFIES NEW REVOLVING DOORS

Here is the modernized entrance of the Central National Bank of Cleveland's new home. Formerly the Midland Building, these new quarters were altered to provide new beauty plus maximum convenience both for bank customers and office building tenants. To meet these requirements, Mr. Joseph R. Behan, manager of the bank's building department, naturally specified revolving doors at the entrance. 32 years' experience was behind this decision. Service and satisfaction since 1916 in the bank's old building and since 1930 in the Midland Building had proved the worth of revolving doors. For both bank and office building, they had long provided positive safety and smoother traffic flow. They had increased usable floor space, cut down drafts, dust and outside noise and saved up to 25% on heating and cooling expense. Then as now, they had solved entrance problems.

Architects - Graham, Anderson, Probst & White, Chicago

#### THERE'S A MODEL FOR EVERY BANK



Revolving doors can bring the abovenamed profit advantages to your bank, be it large or small. You can choose from more than 20 economical standard types, or select your own custom-built model. One of these will fit your entrance needs and satisfy your budget.

INTERIOR VIEW
CENTRAL MATIONAL BANK
CLEVELAND

1712 EDGAR STREET



"But if your boy friend wanted you to endorse the check 'Sugar' he'd have made it out that way"

## Midget Maxims

A person who really doesn't try may be the most trying.

When a customer robs a night club, that's news.

Opportunity may knock but once, but it takes more than that to get a door-to-door salesman in.

The person who is clockeyed finds it difficult to succeed.

There are no teeth father misses less than those from his comb.

A newspaper is an object used by tired men so they can't see a woman standing up in a street car.

You may say as much as you wish if you say it in a few words.

With high prices, dollars to doughnuts doesn't mean big odds.

There is no person so easy to deceive as yourself.

Not every person realizes the vast difference between an open mind and an open mouth.

Opportunity is simply a disappointment that you have grasped courageously.

An optimist is a fellow who doesn't know anything follows the down pay-

Nothing makes a smaller package than a person wrapped up in himself.

Hear no evil, see no evil, speak no evil - but not if you want to be the life of the party.

# FIELD WAREHOUSING

# Warehouse Receipt Loans Against Inventory

Hundreds of banks in thousands of cases use our Field Warehouse Service to secure millions of dollars in Warehouse Receipt Loans against inventory stored right on their customers' own premises. It enables them to extend maximum credit with minimum risk.

#### \*

#### OPERATING OFFICES

128 Jackson St., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass. • 14 Lafayette Square, Buffalo 3, N.Y. • Liberty Life Bldg., Charlotte 2, N. C. 173 West Madison St., Chicago 2, Ill. • Thomas Bldg., Dallas 1, Texas • National Bank Bldg., Detroit 32, Mich. • Roosevelt Bldg., Indianapolis 4, Ind. • 121 W. Forsyth St., Jacksonville 2, Fla. • 520 W. Seventh St., Los Angeles 14, Calif. • 39-45 No. Third St., Memphis 3, Tenn. • 2511 S. W. 24 Court, Miami 33, Fla. • 404 St. Charles St., New Orleans 12, La. • 16 So. Broad St., Philadelphia 2, Pa. • Keystone Bldg., Pittsburgh 22, Pa. • 425 East 8th St., St. Paul 1, Minn. • 243 Kearny St., San Francisco 8, Calif. • 222 Spring St., Shreveport 69, La. • University Bldg., Syracuse 2, N.Y.

New York Terminal Warehouse Company 25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.



 Eliminate waste caused by paper that is roughened, torn or spoiled by erasing. Avoid costly re-writing of records. Parsons Mechano Form ledger and index-bristol are made with fine, tough, new cotton fibers to withstand erasure.

Eliminate dog-eared corners on frequently used cards or sheets. Why waste time fumbling, and finally rewriting the record? Parsons Mechano Form paper and cards are tough. The card stock is solid, not sheets pasted together.

 Eliminate smudging of entries and ink spreading on paper fibers. Parsons Mechano Form is chemically and physically built to prevent this annoyance, and the waste of inaccuracy.

4. Make your records more useful by having each kind of record on a different color stock. Parsons Mechano Form is available in white and six colors. They are available in a variety of weights and thicknesses so that matching records can be kept on cards and paper, providing an automatic signal indicating the kind of record.

Ask your printer or lithographer for Parsons Mechano Form when you buy record-keeping forms. Or send for the free booklet, "How to Make Your Records Legible and Lasting."

© PPC 1949

PARSONS PAPER COMPANY
DEPARTMENT 72
HOLYOKE, MASSACHUSETTS

Please send me, free and without cost or obligation, your booklet "How to Make Your Records Legible and Lasting."

Name (PLEASE PRINT)
Organization or Company
Street
City or
Town State



How you gonna keep 'em down on the farm?' is one of the questions our bank has helped some of its customers to answer. For instance, there was the middle-aged farmer who, by dint of much hard work, had managed to make a living and had looked forward to having his only son stay on the farm with him and, in the natural course of events, take it over. Without laborsaving machinery, by sheer strength of muscle and the sweat of his brow, the father had managed to keep the home place free of debt and to continue to produce a rather meagre, but fairly adequate, living.

The son was not satisfied with the working conditions on the farm. He resented the long hours necessary to produce small crops. He wanted to marry the girl of his heart but he knew that the income from the farm was not large enough to support two families; besides, he wanted a home of his own. He told his father he thought he would leave.

Greatly dismayed, the father asked one of our bank officers for advice. He said that if he just had money enough to buy a tractor with its many wonderworking attachments, he could put in bigger crops and make more money, without so much back-breaking manual toil, and the boy would be willing to stay on the farm.

The bank arranged for the financing of a tractor, and new fields went into cultivation and production. It was a good year. The tractor was paid for and there was enough money left over to permit the financing of a modest little cottage for the son and his prospective bride right on the home place. The son realized that profits really could be made from farming when modern methods were used. He settled down happily with his wife and took to studying the efficient production of crops. With the tractor he cleared more of the farm land and this year is grassing extra acreage for pasture, with a view to adding cattle raising. The families are living better and enjoying more comfort and even luxury than ever before. The bank loan for the purchase of the tractor has given them all a new and happier way of life and provided the way to "keep 'em down on the farm."

THE new and meticulously attired customer had just completed the process of opening an account with the bank. The officer who had served him was pleased, for the account was well up in the thousands.

"Now, any time you need assistance or information from us," he said, earnestly, "we hope you'll let us know."

"Well," replied the customer, casually, "I would like to ask you one thing. Now that I have an account with you, how much am I entitled to overdraw?"

BELLE S. HAMILTON



#### Mr. Banker:

THIS ADVERTISEMENT will be seen by business executives throughout the country in the pages of Nation's Business, Dun's Review, Business Week, and other publications.

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arv." sung. Although its message is directed to businessmen, it has definite importance for bankers who make business loans.

Sudden disaster and interrupted profits may put your clients out of business. Proper insurance—of both property and income—is vital to maintain solvency. Hartford's Business Interruption Insurance does more than protect your clients—it helps safeguard the soundness of your loans.



### Which would you rather loseproperty dollars or income dollars?

If disaster shuts down your place of business, you will suffer an income and a property loss. You need protection against both!

Property insurance alone won't protect you against loss of income, but Hartford's Business Interruption Insurance can do just that. If fire, storm, or other hazards insured against, force you to suspend business, Business Interruption Insurance can protect you against loss of anticipated earnings.

Business Interruption Insurance can give you just what your business itself would have given you if no interruption had occurred.

ness itself would have given you if no interruption had occurred.

Here, briefly, is how Business Interruption Insurance protects you:

#### BUSINESS BALANCE SHEET FOR ONE MONTH

Before Fire													
Sales													\$30,000
Cost of Mere	chandis	se .											18,000
Gross Profits	8									. 5	,		\$12,000
Expenses .													10,000
Net Profit .							٠						\$ 2,000
After Fire_	WITH	IOU	T B	usin	ess l	Inte	7711	blio	ı In	sur	ance	2	
9													None
Cost of Mer	chandi	se .											None
Gross Profit													None
Expenses con	ntinuin	g di	ırin	g sh	utde	own							\$ 7,000
Net Loss .													\$ 7,000
Add. Anticip	pated F	rofi	r Pr	ever	ited								2,000
Total Loss .													\$ 9,000
After Fire -	-WITH	l Bu	sine	ess In	iteri	rubl	ion	Ins	urai	nce			
Sales													None
Cost of Mer	chandi	se .											None
Gross Profit													None
Income from													\$ 9,000
Expenses wh													7,000
Net Profit													\$ 2,000
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Hartford's Business Interruption Insurance is adaptable to almost any business enterprise; stores, factories, garages, theatres, hotels, etc.

The Hartfords have prepared work sheets to help determine how great a loss you might suffer and how much insurance you will need to safeguard your income. Write for them—there's no obligation!

# HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY
Hartford 15, Connecticut

Year in and year out you'll do well with the Hartford



# Visual Aids in Training Programs

GEORGE B. WARD

Mr. WARD is assistant to the director of the Customer and Personnel Relations Department of the American Bankers Association and secretary of the Committee on Service for War Veterans.

A RECENT survey conducted for BANKING has shown that many banks and A.I.B. chapters are greatly interested in the production and use of audio-visual aids in their training programs and classes. However, they have had little experience with them

and this material is a rather thorough digest of the replies. Banks and chapters are unanimous in the belief that visualization, properly presented, will increase the effectiveness of training programs.

A Chicago banker reports: "It is our belief that visualization in various forms is the most effective way to help increase the productive capacity of every member of a bank organization."

From New England: "The results, to date, have been most satisfactory."



These two employee training scenes are from the Continental Illinois National Bank & Trust Company, Chicago. The upper one shows the use of a projector of opaque material, such as actual financial documents. No film or slides are required. In the lower photo, an instructor in foreign trade uses a series of maps



From a West Coast A.I.B. chapter, which this year offered a series of 10 lectures on "Bank Services" built around 600 colored slides: "... The reception it has received ... is amazing. Three hundred and twenty-five men and women enrolled, and regular attendance for the past five meetings has held up over the 300 mark. That fact alone bears out the effectiveness of this type of training when you consider that our usual mortality in attendance is about 30 percent throughout the course."

A mid-continent A.I.B. chapter states: "Our A.I.B. members . . . have overwhelmingly approved . . . have 'clamored' for more."

However, they are also unanimous in stating that visual programs must be carefully planned and properly presented. Typical comments include: "Must be well planned to be effective." "Each subject must be studied." "Skilled instructors will be needed to lead discussions and utilize supplementary written material necessary for a complete training program."

The use of audio-visual education in training programs will create more vivid impressions, help keep audiences alert, change the pace, overcome physical obstacles of distance and size, help simplify operations, illustrate abstract ideas, describe functions of equipment, provide repetition of ideas, illustrate terminology, and show the interrelationship of departments and operations.

The objections that may be raised will include the cost of equipment, material, and personnel, an increase in the operational complexity of presentation, and the physical requirements of the lecture rooms.

#### Selection of Aids

Although training programs in the armed forces and industry during the recent war brought the use of audiovisual aids into the limelight and developed new techniques, the use of training aids is not new. The teacher in the little red schoolhouse used one of the most common—the blackboard. The list of devices now in use has grown tremendously and includes films, slides, recordings, opaque projectors, skits, flip-sheets, and field trips.

In deciding on the type of audio-(CONTINUED ON PAGE 18)

# American-Standard

First in heating . . . first in plumbing





THROUGH the years, the name American-Standard on heating equipment and plumbing fixtures has stood for the very finest that money could buy...yet, these quality products cost no more than others. That's why more American homes have heating and plumbing by American-Standard than by any other single company. Your Heating and Plumbing Contractor will be glad to give you details of the complete line. American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.

Serving home and industry

AMERICAN STANDARD + AMERICAN BLOWER + CHURCH SEATS + DETROIT LUBRICATOR - KEWARET BOILER - KOSS HEATER - TOWAWANDA HOOK

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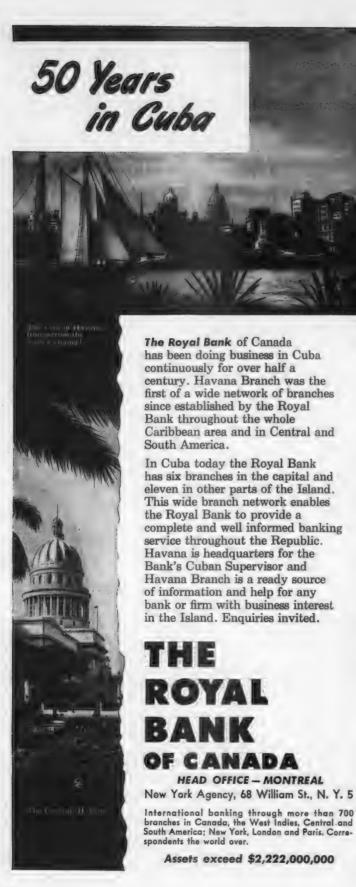
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visual material you are going to use, it is necessary to have a clear understanding of the objectives of the program as a whole, and of each individual unit. The objectives may be stated in behavioral terms, such as: Are you going to impart knowledge, develop skill, arouse interest, instill appreciation, and/or create an attitude? After analyzing and defining the objectives, the subject matter to be presented should be prepared.

A further consideration in the selection of suitable training aids is the nature of the groups to be reached. The size and type of classes, physical setup of the meeting rooms, and equipment available should be surveyed. The cost of production of the various types must be compared and should be considered in the light of the number of trainees to be reached during the useful life of the aid. In many cases, a combination of techniques will be desirable.

It is also important for banks with branches to consider the manner of distribution. Typical questions to be answered include: What equipment will it be necessary for the trainer to carry with him? What facilities are available at the branches? Are there sufficient trained instructors to cover the program within the desired time?

#### Films and Sound Slides, for Example

Considerable current interest is being shown in the production of films and sound slides. Before going to talk to a producer, have in mind the specific objectives, the over-all budget, and someone in authority to make the necessary decisions. In developing the script and the scenes, remember the specific objectives of the film. Is it to train in an operation, inform on bank policies, or to

educate a school group?

The film should have continuity, clarity, and impact. Do not attempt to cover too many points in one film. Concentrate on one or two. A training film should present the employees' point of view as well as management's, so that the trainees will see how they will benefit, and will accept and remember the points made. Concentrate on positive training instead of negative. Show them how to do the job correctly, instead of spending a great deal of time and money showing them how the job should not be done. A training film should be interesting, but it should not be produced for entertainment. Too great a use of theatrics and incidental background material will detract from the message you are trying to get across.

#### **Effective Presentation**

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In using films or sound slides, the instructor should have an opportunity to preview the film before showing it to the audience. He should understand the objectives of the program and the part the film is to play. In outlining the material for the session, he should build up a satisfactory introduction to the showing of the film, pointing out to the group the important points to watch for and where the scene or material presented deviates from the local situation.

After showing the film, the instructor should review the highlights, tying in again with the local situation and the objectives of the session. Questions from the group should be invited to clear up any misunderstandings. It may be deemed advisable in certain types of programs to follow up with an oral or a written quiz. The quiz may show up certain weak spots which can be emphasized at that session or at some subsequent meeting.

The importance of the proper presentation of the film cannot be stressed too heavily. In the words of one banker, "The secret of success depends upon the material used in introducing the films. This material should show how the subject matter applies to your own personnel and bank."

The supply of films and sound slides suitable for use in banking programs is rapidly increasing. Banking organizations, such as the American Bankers Association, the National Association of Bank Auditors and Comptrollers, and the Financial Public Relations Association, as well as some state and local groups, are engaged in producing films and sound slides on banking. Considerable material has been produced by some of the larger banks, which have been willing to lend it to others.

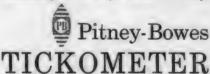


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# 28 Bankers Build a Textbook

THEN professors in the University of Utah's College of Business outlined a new course called "bank operation and practice," they thought it called for special treatment. Dr. Roland Stucki, head of the department of banking and finance, evolved the idea of asking a banker to lecture to the class once a week. The idea was received with enthusiasm, and it has grown until a total of 28 bank officials from most of Salt Lake's leading banks now lecture regularly to the class, which began in the first quarter of 1949. The class enrolment grew, too, when students found out the kind of curriculum that was planned.

These 28 bankers are considerably more than guest lecturers. Not only does one of their number provide every lecture the class attends, but they have taken an active part in drafting the curriculum. It is the joint product of the College of Business, Salt Lake Clearing House Association and the Salt Lake chapter of the American Institute of Banking.

The wisdom of their words will not be lost in a student's dreams. Wire recordings are made of each lecture and the text of each is mimeographed to be used in a composite textbook for future classes.

Emphasis in the winter quarter was placed upon investment and loan subjects, including the bank's position in the United States economic system, new bank requirements, sources of bank funds and background of banking policies.

Spring quarter lectures are centered around mechanical operation of banks and the working of trust departments. New accounts, advertising, public relations, and employee relations are also coming in for discussion.

University officials are proud of the favorable comment and unprecedented student approval the new course has drawn. Beginning as an experiment, it has firmly established itself at Utah U., beyond any doubt. One student expressed the opinion that the course was "a remarkable marriage of complex theory with down-to-earth working facts of a type I've never seen in college before."

The course has its bright side for the

bankers, too. They hope to be able to absorb a sizable portion of graduates, who have studied under them, in varied banking capacities. A shortage of trained and educated employees has plagued Salt Lake bank presidents since before World War II. Now an ever increasing pool of highly trained beginning employees, such as should gladden a bank president's heart, is being formed.

As if interest in "bank operation and practice" were not already high enough, the speakers are donating their honorariums to establish a fellowship for worthy students in banking and finance.

#### A "First"

According to Dr. Stucki, the course marks the first time such a plan has been used in a state university on a sustained basis. Some idea of the breadth of its scope can be obtained from a look at the syllabus. In the winter quarter, 18 lectures were devoted to investments. W. W. Romney, vice-president, Continental Bank & Trust, covered common and preferred stocks and industrial and utility bonds in four lectures. Oscar Carlson, vice-president, Walker Bank & Trust, outlined Federal bonds in four lectures. L. P. Van Voorhis, vicepresident, First Security Trust Company, discussed municipal bonds, again in four lectures.

The balance of the winter quarter covered loans, in some 20 lectures. Types of loans studied ran the gamut of the industry: commodity, instalment, industrial, real estate, RFC, FHA, farmers, banks, GI, and brokers. Among the loan lecturers were Ernest Nelson, assistant cashier, Zion's Savings Bank; Harold J. Steele, vice-president, First Security Bank of Utah; Newell B. Dayton, vice-president, Tracy-Collins Trust Company; Ralph B. Wright, vice-president, Union Trust Company, and D. Edward Judd, vice-president, Utah Savings & Trust Company.

Spring quarter curricula are centering around mechanical operation of banks and operation of trusts. The entire course outline on trusts, calling for 19 lectures, was compiled and prepared by William J. Fitzpatrick, trust officer, Walker Bank & Trust Company. Mechanical operations, consisting of book-keeping, clearings, transits, collections, exchange, and service charges are to be discussed by Jack E. Holstrom, auditor, and J. N. Pike, assistant vice-president,

(CONTINUED ON PAGE 22)

Fred E. Pike, right, vice-president of the Walker Bank and Trust Company of Salt Lake City, delivers the opening lecture on credit and analysis of financial statements as Utah University's precedent-breaking class in "banking principles and practices" opens study of a new phase of banking. At left is the developer of the idea of the banker-instructer, Dr. Roland Stucki, head of the university's department of banking and finance. He is operating a wire recorder so that Mr. Pike's address may later join many others by bank officials in a forth-coming textbook



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Overhead mounting? Here's one economy...Monroe's new 8 column electric adding machine, with direct subtraction and automatic credit balance. Junior partner of outstandingly successful Model 410, offers the same brilliant performance...the same cost-paring efficiency...at budget price! "Velvet Touch" keyboard and eye-easing colors combine to score new highs in ease, speed, quiet...new lows in operating tension and fatigue. Flexibility...versatility... ample capacity for wide field of adding and listing work. Backed by the Monroe-owned, nation-wide, factory-trained sales and service organization. See it! Monroe Calculating Machine Company, Inc., Orange, N. J.

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#### A link with the Past . . .

"BANK OF GOLD GULCE," an authentic reproduction of a colorful banking house of the Old West, has been constructed and is being maintained by the Continental Illinois Bank as part of a typical mining town at the Chicago Railroad Fair this summer, from June 25 to October 2.

In the atmosphere of this old-time bank you will have an opportunity to see many interesting exhibits of the Gold Rush Era—loaned to us by our many friends in the West—including prospectors' equipment and the story of gold from ore to minted coin ...

All of which is a reminder that Chicago has grown from a frontier outpost to a great city and that banking practices have seen many developments in the 92-year history of the Continental Illinois Bank—92 years of friendly service to the community and the nation.

When you are in Chicago this summer, we invite you to visit us and the Bank of Gold Gulch at the Railroad Fair.

## Continental Illinois National Bank and Trust Company of Chicago

231 SOUTH LA SALLE STREET, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

First Security Bank of Utah. Credit, credit information and analysis of financial statements of all types of businesses will be the basis of discussions by Fred E. Pike, vice-president, and A. B. Kesler, assistant cashier, Walker Bank & Trust Company; George Caine, assistant cashier, First Security Bank of Utah; Lane Adams, vice-president, and Alvin Scheonhals, cashier, Utah First National Bank; Charles Price and K. J. Sullivan, vice-presidents, Continental Bank & Trust Company.

Some of the above named will also lecture on auditing and reports, ledgers, reconcilements, and posting.

Trusts lecturers and their subjects are: custodianship accounts-Elmer Karren, assistant trust officer, First Security Bank of Utah; safekeeping-W. L. O'Meara, trust officer, Continental National Bank & Trust Company; escrows-H. E. Ogaard, secretary, Tracy-Collins Trust Company; property management-Harold Kemp, property manager, Walker Bank & Trust Company; corporate trusts-R. D. Cowan, trust officer, First Security Bank of Utah; succession-S. J. Carter, vice-president, Tracy-Collins Trust Company; testamentary trusts-J. L. Preece, trust officer, Tracy-Collins Trust Co.; voluntary trusts-Claron Spencer, trust officer, Zion's Savings Bank & Trust Company; investment of trust funds-P. D. Schettler, trust officer, Walker Bank & Trust Company; guardianship-James Beless, assistant trust officer, Tracy-Collins Trust Company; questions trust planners asking William Fitzpatrick, trust officer, Walker Bank & Trust Company.

As the final speaker of the spring quarter, Dr. Stucki has secured George S. Eccles, president of the First Security Bank of Utah and brother of Marriner S. Eccles, member and former chairman of the Federal Reserve Board. Mr. Eccles will discuss safeguarding liquidity and solvency.

#### Exam and a Text

Each lecturer also assists in preparing the course examination by submitting two questions, with answers, on each lecture he delivers. The composite of these questions is to form the final examination.

Each lecture is mimeographed from the wire recording and is bound into a temporary text. Dr. Stucki is completing arrangements for book publication of a banking textbook based upon the lectures of these practicing bankers.

STEVE GILMAN



#### Centennial in Cleveland

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THE Society for Savings in Cleveland celebrated its centennial last month in a modernized home.

Guests who visited the bank during the centennial celebration June 21-24 saw the results of an intricate reconstruction job which created a modern building without disturbing the beauty of the old.

The two-year project, completed without interruption of the bank's operations, provided a structure that affords the latest facilities while retaining the architectural identity of a Cleveland landmark.

Features include eight television outlets in locations where they can be used for special purposes, wired-in music, a new parking lot, separate quarters for the school savings department, and two new murals. Two old murals were restored. The bank's floor space has been doubled and the entire interior redecorated.

MERVIN B. FRANCE is president of the Society.



A. P. Giannini

#### "A.P."

A P. GIANNINI, founder-chairman of Bank of America and champion of branch banking, died of a heart attack June 3 in San Francisco.

Mr. GIANNINI—the initials stood for

AMADEO PETER, but he was always known as A.P.—was one of the most spectacularly successful men in banking. Born of immigrant parents in San Jose, California, on May 6, 1870, he saw the neighborhood bank he established in San Francisco grow into the world's largest privately chartered financial institution. His interests also included Transamerica Corporation and banks in four other West Coast states, two insurance companies, several industrial businesses, and real estate interests.

As a boy A.P. moved with his family to San Francisco and worked for his stepfather, a commission merchant handling agricultural products. His tireless energy and his abilities as a businessman quickly marked him as a lad of promise; he developed and supplemented his obvious talents by going to a business college in his spare time.

At the age of 15 he was buyer for his stepfather and at 19 he became a partner in the enterprise. In 1901, when he was 31, A.P. announced that he was retiring from business and was turning

(CONTINUED ON PAGE 25)



Left, first location of the Society for Savings (1849-57) was in a corner of this building

Right, workmen placing a restored mural in lobby of Society's modernized home



July 1949



# Knowing where to go is half of getting what you want

A big part of the success of our services to other banks is knowing where to go and whom to see.

That's important.

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It's valuable in terms of time-saving—in accuracy of information and advice—in getting things done.

Important—but only one of the reasons why we have so many out-of-town banks on our books.

We've been here a long time. We know what your customers will want in a prime market like Philadelphia.

In short, The Philadelphia National is a bank devoted to serving other banks—and finding ways to service them better.

For 146 Years - Banking for Business

#### THE PHILADELPHIA NATIONAL BANK

Organized 1803 PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

over his share in the partnership to the employees. His income from real estate investments was comfortably ample for those times, and young Giannini wanted time to look around a bit.

While managing the estate of his father-in-law, Joseph Cuneo, he was invited to occupy the director's seat in the Columbus Savings & Loan Society which Mr. Cuneo's death had left vacant. Immediately he began campaigning for liberalized and expanded banking services; the majority of directors opposed any change. Characteristically, Mr. Giannini gathered his adherents and organized a bank of his own just across the street—the Bank of Italy.

The bank premises were destroyed by fire in the San Francisco earthquake of April 18, 1906, but A.P. and his staff courageously saved all funds and papers and took them to his home. He promptly set up shop in a waterfront shed, notified his depositors that their cash was safe and available to them, and that loans would be made for rebuilding. Every loan made during that crisis was repaid in full.

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He anticipated the 1907 panic and saved not only his own bank but was able to lend gold to other local banks to speed financial recovery in San Francisco. This experience is commonly believed to be the one which persuaded A.P. to enter branch banking, He began at once to acquire other banks and convert them into branches of his own organization.

The Bank of Italy became the Bank of America, with 513 branches in California. In point of resources it became in 1946 the nation's No. 1 bank.

"If our institutions have become great," Mr. Giannini said shortly before his death, "it is by the consent of the people we serve. We can endure only by continuing that type of service. This we always intend to do."

One newspaper said of him:

"Imposing in achievements, fierce in his battles, and indomitable in courage, yet he loved people. He considered his monument the giant business structure he erected, not because of its physical size or its billions of dollars in resources, but because it serves the multitude."

Mr. Giannini was a staunch friend of banking education. More than 20 years ago he gave the American Institute of Banking an endowment fund to provide prizes as a stimulus to public speaking. The Institute set up its famous National Public Speaking Contest for the A. P. Giannini Educational Endow-

ment Prizes, which is a feature of the A.I.B.'s annual convention. A Bank of America man took first place in this year's contest, held at Portland, Oregon, just a few days before the banker died.

His son, L. M. GIANNINI, is president of the bank.

#### Hartford Merger

PLANS for merging the First National Bank of Hartford, Connecticut, and the Hartford National Bank & Trust Company provide for a new institution to be known as the Hartford National Bank and Trust Company, the fourth largest bank in New England, with resources of about \$180-million.

OSTROM ENDERS, president of the Hartford National, will be president of the consolidated bank, and JAMES W. KNOX, president of the First, will be its senior vice-president. The two boards will be consolidated into a new directorate.

#### **Bank Staff Theatricals**

TWENTY-SIX men and women on the staff of Roosevelt Savings Bank, Brooklyn, New York, have organized "The Roosevelt Players," a theatrical group which thus far has produced two musical comedies.

The Players are actively supported and encouraged by the bank, which is eager to nab any opportunity that will improve employee relations. Furthermore, as the staff theatricals indicate, the Roosevelt's management isn't afraid to try new ideas.

The group insists on being self-sufficient. Each show was written by three or four of the Players. Scenery and costumes were made by other members,

Three singing tellers, George Sotak, Arthur Loehrer, and Robert J. Berlin, were in the cast of "Bank Notes of 1949," given by the staff of Roosevelt Savings Bank, Brooklyn



and the coaching was done by a staffer who has had experience in directing. A wire recorder and a piano helped at rehearsals, held in the bank's dining room after hours, with refreshments usually supplied by the Roosevelt. Expenses of putting on the production, including the cost of a hall and an orchestra, were borne by the employees' club. Everybody on the staff could bring a guest and there was no admission charge.

"Bank Notes of 1949," given late this spring, lampooned the banking business. It has a cast of 20. After the performance President ADAM SCHNEIDER, JR., spoke briefly.

"Again our employees have scored a smashing success through cooperative effort," he said. "This show proves what we have already known—namely, the spirit and enthusiasm of our staff is not listed on our balance sheet, but constitutes one of our most valued assets."

#### Dr. Stephen I. Miller

Dr. Stephen I. Miller, national educational director of the American Institute of Banking from 1923 to 1927, died at his home in Lomita, California, on May 16. He was 74 years of age and had been in retirement for three years preceding his death.

Dr. MILLER was a graduate of the University of Michigan Law School and Stanford University. He was awarded a Ph.D. degree at Heidelberg University, Heidelberg, Germany, and had taught at the University of California, Stanford University, University of Michigan; and organized the school of Business Administration at the University of Washington.

Following his service with the A.I.B., Dr. MILLER became executive manager of the National Association of Credit Men, and was the author of numerous articles and of a book entitled "Credit, The Motive Power of Business." For several years he had been in failing health, but during the war he taught at the Army and Navy Military Academy in Carlsbad, New Mexico.

Dr. WILLIAM A. IRWIN, economist of the American Bankers Association and associate director of The Graduate School of Banking, received the honorary degree of Doctor of Laws at the annual commencement of Morris Harvey College at Charleston, West Virginia, and made the commencement address. His subject was "The Private College: a Useful American Institution."

(CONTINUED ON PAGE 26)

# When you

# think of PITTSBURGH



Pittsburgh's renowned heavy industries are rapidly being augmented by a diversification of lighter manufacturing. The advantages of being close to ample supplies of raw and semifinished materials—and at the very center of the nation's richest market—are obvious.

Peoples First National, with its 15 completely staffed offices, is in excellent position to co-operate with you on projects in the Pittsburgh area. Your inquiries are invited.

#### PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

MEMBER F. D. I. C.

################



Fred F. Florence presents the scholarship to Miss Dorothy Diers

The Fred F. Florence thrift essay contest, conducted among pupils of Dallas high schools, was won this year by Dorothy Diers. Her prize was a scholarship to Southern Methodist University. The contest was established 13 years ago by Mr. Florence, president of the Republic National Bank, Dallas. Cash prizes are presented to six runners-up.

JOHN K. THOMPSON, president of the Union Bank of Commerce, Cleveland, is the new president of the city's chamber of commerce. Mr. THOMPSON spent 30 years with the Erie Railroad, becoming its vice-president in charge of finance, accounts, and purchases. He was made president of the bank in 1944 and has since been active with the chamber of commerce.

#### 50th Anniversary

FRANK F. TAYLOR, vice-president in charge of the trust department, Continental Illinois National Bank and Trust Company, Chicago, has been with the bank for 50 years.

He has devoted the entire half century to trust work, beginning in 1899 as one of the nine original employees of the Illinois Trust and Savings Bank, a Continental predecessor. When the Illinois Merchants Trust Company was formed by merger in 1923 Mr. Taylor was made secretary, advancing to a vice-presidency and continuing in that office after the formation of the Continental through consolidation of the Illinois Merchants and the Continental National.

Mr. TAYLOR is also a director of the bank. His other activities include trus-

teeships in Moody Bible Institute, Denison University, and the Old Peoples Home of Chicago.

HENRY F. WIRTH is now vice-president and auditor of the Marine Trust Company, Buffalo.

Anglo California National Bank's East Bakersfield office is to have a new home, with drive-in facilities, on Kentucky Street between Baker and Kern streets.

The Bank of Virginia, Richmond, announces that ROWLAND A. RADFORD has been made vice-president in charge of the operating division. He was formerly vice-president and comptroller of The Citizens and Southern National Bank, Atlanta.

HENRY A. HENDRICKS, vice-president and trust officer of the National Bank of Commerce, Seattle, is the new president of the Corporate Trustee Association of that city. He succeeds J. M. GILBERTSON, vice-president and trust officer of the Puget Sound National Bank, Tacoma.

GEORGE F. BARBOUR is a new assistant treasurer of The Greenwich (Connecticut) Trust Company.

Guaranty Trust Company of New York has appointed F. L. G. Demol as assistant treasurer and James C. Chandler as assistant secretary at its Brussels office.

First National Bank of Richmond, California, has become the head office of a new institution, Central Valley Bank of California, comprising five banks in the northern part of the state. El Cerrito, Oakley, Escalon, and Hughson are the other towns.

CHARLES L. AUSTIN, executive vicepresident of the Jones & Laughlin Steel Corporation, is now a director of the Federal Reserve Bank of Cleveland. He is filling the unexpired term of the late LAWRENCE H. LUND, vice-president and treasurer of Westinghouse Electric Corporation.

(CONTINUED ON PAGE 28)

F. F. Taylor

C. L. Austin





BANKING

**EXPEDITING DISTRIBUTION** 



WE paid \$227,407,169.37 for automobiles and trucks produced in the Detroit area and delivered to our correspondents' customers, during the past 17 months, as representatives of our bank customers throughout the country.

These payments were made to our automotive accounts in Detroit funds.

This is another of the specialized services our close relationship with the automotive industry enables us to provide banks throughout the country speedily and efficiently—with resultant benefits to all parties concerned.

You are most cordially invited to use this service, or any or all of our correspondent services.

# NATIONAL BANK OF DETROIT DETROIT, MICHIGAN

32 Banking Offices Throughout Detroit

Member Federal Deposit Insurance Corporation

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his "STEEL STRONG" creation holds 10 coins each of pennies, nickels, dimes, quarters, and halves in each of 68 staggered pockets for quick accessibility and handling. Teller can make change handily and speedily. Raised black figures on border mark pockets. Size of Tray: 12% in. by 9 in. May be placed on counter, mounted on pedestal to save space or on short legs for nesting and storage in vault.

The C. L. DOWNEY Company World's Largest Mfrs. of Coin Wrappers

### SCUDDER **STEVENS** & CLARK FUND, Inc.

The price is the net asset value only.

Prospectus on Request

10 POST OFFICE SQUARE **BOSTON 9, MASSACHUSETTS**  (CONTINUED FROM PAGE 26)

VANCE J. ALEXANDER, president of Union Planters National Bank & Trust Company of Memphis, has been elected a director of the Memphis Street Railway Company.

The First National Bank of East Chicago recently celebrated its 40th birth-

JAMES H. WICKERSHAM, vice-president of the Bank of New York and Fifth Avenue Bank, has been elected president of the New York League for the Hard of Hearing.

M. J. HAYES, assistant vice-president of the American National Bank and Trust Company, Chicago, is the 1949-50 treasurer of that city's Municipal Bond

One of the Government's surprise witnesses at the communist trial in New York was BALMES HIDALGO, JR., a clerk in the international division of the Colonial Trust Company, New York, Mr. HIDALGO was one of seven witnesses who served in the communist party as an undercover agent for the Federal Bureau of Investigation. He attended a party meeting the night before he testified.

ARTHUR R. LARSON has been appointed assistant vice-president of the Federal Reserve Bank of Minneapolis.

GEORGE M. ERHART has been placed in charge of the corporate trust department of Chemical Bank & Trust Company, New York.

Republic National Bank of Dallas has brought the Lakewood State Bank into its group of affiliated institutions.

H. D. Burns, president of The Bank of Nova Scotia since 1945, has been made chairman of the board. His successor in the presidency is H. L. ENMAN, formerly general manager. The latter position is now occupied by C. SYDNEY FROST, assistant general manager for the past two years.

H. D. Burns



H. L. Enman







W. P. Johnson

WENTWORTH P. JOHNSON, formerly with the Irving Trust Company, New York, has joined the staff of Fidelity-Philadelphia Trust Company as vice-

The Fort Worth National Bank has appointed W. E. TYLER cashier to succeed the late J. A. Cozby.

WILLIAM W. HALL has resigned as vice-president of The New York Savings Bank, New York, after 30 years of service. He will continue on the board of trustees.

EDWARD B. GRAY, formerly with the Ohio state banking department, has been named treasurer of the Lucas County Bank, Toledo.

New assistant vice-presidents of the Manufacturers Trust Company, New York, include PETER J. CUDDY and THEODORE L. MURNOS, both of the branch loan administration department, and PHILIP H. MILNER, a branch manager. Mr. MILNER is an alumnus of The Graduate School of Banking.

CLARENCE E. HUNTER, former vicepresident of The New York Trust Company, has been appointed chief of the Marshall Plan mission to the Netherlands. He succeeds Dr. ALAN VALEN-TINE, who is resuming the presidency of the University of Rochester. Mr. HUNTER was in charge of foreign business for the bank before entering ECA work as a consultant in Europe.

Vice-president A. M. STRONG of the American National Bank and Trust Company, Chicago, received the honorary degree of Master of Foreign Trade from the Latin-American Institute of Chicago for his "work and contribution in the field of foreign trade."

The Bank of Louisville has bought two large pieces of property and the lease of an adjacent building for a branch office with large parking facilities. It is planned to erect a new modern structure. The site is on Broadway between Sixth and Seventh Streets.

(CONTINUED ON PAGE 30)

# at Chase EVERY CASH ITEM IS "SPEED TREATED"



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# First, they're met at the station

Every half hour throughout the day and night Chase trucks rush remittance letters from post offices and express terminals to the Bank...



# then "Individualized"

Checks are sorted immediately into groups. As processed, those on New York are sent by messenger to the Clearing House for the 2, 8 and 9 a.m. clearings. Checks received up to 9:15 a.m. are included in the final clearings for the day at 10 a.m.



# To the Portrait Box

Out-of-town items get special treatment, including microfilming for the protection of our correspondents . . .



# and off they go!

Checks go from Chase "the fastest way"—and that includes extensive use of air transport wherever practical.

We always welcome opportunities to show visiting bankers our check-handling departments and other facilities.

# THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

# Got Clients with Sales in \*Cebu?

PERHAPS NOT, BUT—if your clients have collections; credit inquiries, remittances or any type of business with firms anywhere on the other side of the Pacific . . .

#### Think First of Security-First!

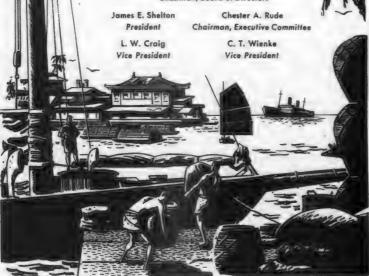
For decades our Foreign Department has maintained close relationships with banks throughout the Orient, India, Australia and New Zealand, the Philippines, Hawaii . . . all the lands trading through Los Angeles Harbor, which now is authorized to have one of the five Foreign Trade Zones in the entire United States.

\*CEBU and other islands of the Philippines have accounted for over 800 transactions through our Foreign Department in six months.

# SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES
Founded 1875

MANAGING COMMITTEE
George M. Wallace, Chairman
Chairman, Board of Directors



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION







W. W. Campbell

W. W. CAMPBELL, president of the National Bank of Eastern Arkansas, Forrest City, received the honorary degree of Doctor of Laws at the 1949 commencement of the University of Arkansas.

J. Hamilton Cheston has been elected president of The Philadelphia Saving Fund Society, succeeding Isaac W. Roberts, retired. Mr. Cheston had been a vice-president of the Society.

CHESTER R. DAVIS, senior vice-president of Chicago Title and Trust Company, delivered the 1949 commencement address at Lake Forest College. He also received an honorary LL.D.

Chase National Bank of New York has promoted to vice-presidencies Victor E. Rockhill and Lyon F. Terry. New second vice-presidents include Robert C. Dallery, Jacque C. Frost, James P. Mitchell, W. H. Wightman, and H. T. Slaight.

Frank E. Holman, Seattle attorney who is president of the American Bar Association, is now a director of the Pacific National Bank of that city.

CLIFTON E. MORRIS, formerly executive vice-president and cashier of the Sussex Trust Company, Lewes, Delaware, has been made an assistant vice-president of the Corn Exchange National Bank and Trust Company, Philadelphia.

Lewis S. Munson, Jr., formerly assistant treasurer and manager of the treasury division of E. I. du Pont de Nemours & Company, has joined the Wilmington (Delaware) Trust Company as assistant vice-president.

L. S. Munson

C. E. Morris





BANKING



# Can Help You Meet the Law's Requirements by Providing

- · Administrator's Bonds
- Guardian's Bonds
- Bonds in Court Actions
- All other Fiduciary Bonds

WHY? Because he is trained in handling judicial bonds—bonds required in court actions and matters of estates.

**HOW?** By providing corporate bonds promptly that are acceptable to any court in any state.

ASK THIS MAN—your local U.S.F.&G. Agent—to serve your needs whenever you are required by law to furnish bonds. Corporate bonds are as accessible as your telephone.

FOR U.S.F.& G. SERVICE: Call Western Union by number and ask for Operator 25, who has name and address of your nearest U.S.F.& G. agent.



United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity & Guaranty Insurance Corporation, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto

CONSULT YOUR INSURANCE AGENT OR BROKER
AS YOU WOULD YOUR DOCTOR OR LAWYER

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A. M. O.

A. M. O.\*

PROPERTY OWNERS: For a list of your nearest ACCREDITED MANAGEMENT ORGANIZATIONS, write the Institute of Real Estate Management, 22 West Monroe Street, Chicago 3, III. (Affiliated with the National Association of Real Estate Boards.)

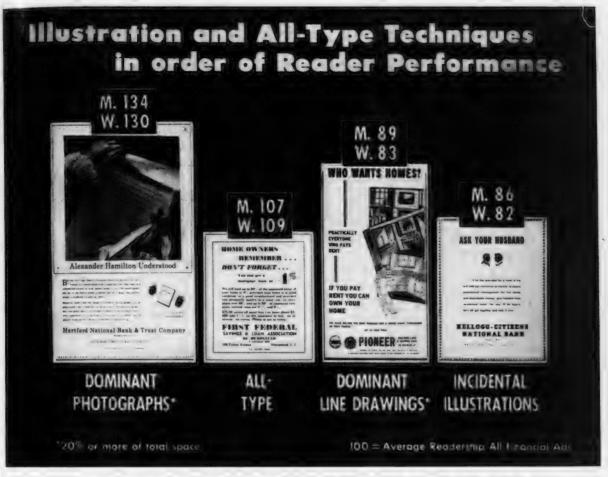


\*Firms displaying the A.M.O. emblem have submitted to, and passed, a careful scrutiny of their operations, as to both experience and financial responsibility.

# BANKING

JULY 1949

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Dominant photographs outdo wash or line drawings in attracting readership, also outpull straight type ads

# Is Bank Advertising Read?

ALLEN B. SIKES

The author is service manager of the Bureau of Advertising, American Newspaper Publishers Association, New York City. For 10 years the Bureau has been conducting a study of newspaper reading, in the course of which it has examined more than 125 individual newspapers, with more than 60,000 field interviews—building a reservoir of data on advertising techniques which hundreds of advertisers in all classifications have been using with profit. A study recently published by the Bureau, More Dividends from Financial Ads, presents a summary of recent findings on financial advertising. It is available to banks at no cost.

ADVERTISING men agree there is room for improvement in bank advertising—just as there is ample room for improvement in advertising in all other fields. A good

many of them, however, feel that this is particularly true in the case of bank advertising because of the wealth of human interest material which banks could be using more regularly in their advertising.

They point to the very active role that a bank plays in the life of its community—not only in the commercial field, but in the day-to-day needs of its citizens as individuals. The average bank's files are bulging with human interest stories—stories of how savings have been used for putting children through college, for enabling people to live comfortably on retirement incomes, for building, for vacation travel and improving homes, and for the hundred and one other objectives which banks help people attain.

Advertisers in other fields have often used stories similar to these to improve their community relations—yet banks

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Subject of the ad makes a difference, as shown on this and the opposite page. Some subjects seem to have more inherent reader interest than others. Pay-by-check appears to have greater appeal among both men and women than all other subjects. Less widely used services, on the other hand, fall below average as ad subjects. Though below par in reader performance, such ads, however, often hit their target with high efficiency. Note the higher women's attention to trusts and wills, of which they are primary beneficiaries. In the examples of photo use, on the opposite page, it will be seen that these three ads, which are fairly typical, pull double the average readership of all financial ads among men, triple among women. The "lucky baby" ad got the highest readership of all financial ads observed in the 10 years of the Bureau's study

too often seem to shy away from this effective approach.

Some financial advertisements get high readership. Others don't. Those that miss the mark of high readership appear to do so for two reasons:

(1) Extreme selectivity—they are intended to reach only a minority of the newspaper's readers (loan advertisements, for example). In the case of these ads, high readership, of itself, may not be essential.

(2) Failure to use techniques which research has proved tend to produce above-average readership.

What makes one ad pull better than others?

The analysis in the illustrations on these pages summarizes some of the Bureau of Advertising's recent findings on financial advertising. It is based on a study of 178 bank, savings-and-loan and loan company ads.

These ads totaled 35,974 lines and averaged 202 lines (slightly more than one column by 14 inches or two columns by seven inches) in size. Their "mythical average" reading was by 3.3 percent of the men and 3.1 percent of the women reading the particular issue of the newspaper in which they appeared.

In the figures, 100 is set as the average readership of all

the 178 financial ads included in the analysis. Variations above and below 100 indicate the degree to which an ad or a group of ads succeeded or failed in surpassing average readership.

It was noted, among other factors, that readership increases with size, as in other categories of advertising. In the case of financial advertising, this rule seems to hold for all size-groups for both men and women—except in the 600-line-and-over group, where women's readership shows no gain—possibly due to lack of women's appeal in this particular sample of large ads:

#### READERSHIP PERFORMANCE

BY SIZE GROUPS

	%	% Reading		
	Men	Women		
70-199 lines	1.9	1.7		
200-399 lines	4.0	3.4		
400-599 lines	6.6	7.8		
600 lines and over	11.4	7.4		
All ads	3.3	3.1		

(In a future issue the results of a study of humor in financial advertising will be discussed.)



M. 115 W.152

2 Hours

# FREE PARKING

FOR FULTON CUSTOMERS

TWO CONVENIENT TO ATRON-

Name office Conserve Just or Landon Resident Conserve STY STREET CARAGE BELLE TREE CARAGE A John Street CE. Langua Dame of Conserve Conser

**FULTON NATIONAL** Rank =



SAVINGS

PAY BY CHECK

PAYING BILLS is easy with a Special Checking Account You can make checks out right in your home or office and mal-them anywhere safely

The cost is small. No mini-mum balance is required and you pay only for your actual use of the account.

Open a Special Checking Account now and enjoy the convenience of paying by check.

The MERRILL

M. 199 W. 201

SPECIAL SERVICES



**Examples of How Banks Use Photos** 



OUR LOAN PLANS

PERPETUAL SAVINGS AND
LOAN ASSOCIATION
ROLL 1035 FIR DVE 4 3735



Performance M. 242 W. 329

100 = Average Readership All Financial Ads

July 1949

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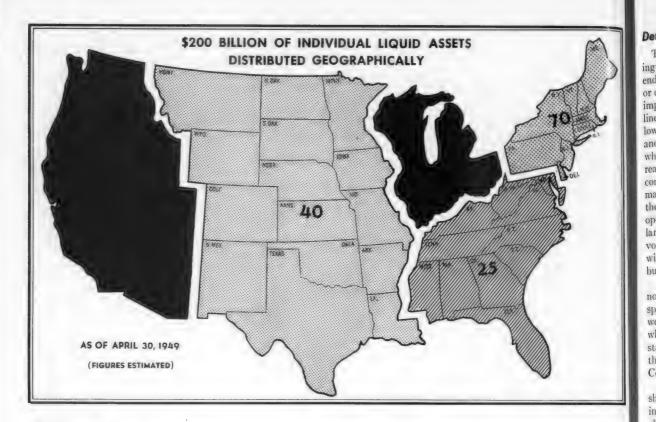
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# Washington

отн on and off the record in Washington the verdict for the most part still is: "It's a healthy readjustment."

Officials have often discussed the business outlook in public speeches, and most of them have been relatively optimistic. One of the most ebullient of officials is Treasury Secretary Snyder, who recently declared: "Today, I believe that we can look forward to an era of expanding national opportunities equally as promising as those which began with the opening of the West."

In all the official speech-making, however, very little is said about the contracting bank loans to business. This contraction began in December when business loans hit their peak volume. It has been continuing pretty regularly and heavily since. Doubtless if the Secretary of Agriculture saw as heavy a percentage contraction of farm income or the Secretary of the Treasury a proportionate contraction in tax revenues, they might be less optimistic.

Nonetheless, officials do not seem to evaluate the contraction of bank business loans as a heavy indicator of a business set-back, and they are optimistic. They are as optimistic when not talking for publication-which they obviously can do more freely-as when talking for quotation.

Hence if there is any frightened whistling in the dark or an organized effort to sell a psychology that "everything is fundamentally sound," it has not been detected.

Of course there were a couple of disappointments in the late spring and early summer. One was that personal income seemed to be declining. The other was that unemployment was not vanishing seasonally.

There was disappointment because many probably hoped, even if they did not admit it, that by summer the passing of the readjustment phase might be in sight. Nevertheless, they noted that, while declining, personal income for the first quarter of 1949 was heavier than the corresponding 1948 threemonth period. Likewise, despite the increase in unemployment, total civilian employment in May, for instance, was about 800,000 above the corresponding 1948 month.

LAWRENCE STAFFORD

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The core of the Washington diagnosis in the main is that it is still the readjustment. The first phase of the readjustment was the filling of the pipelines, the making available of an ample market supply of the gadgets and appliances. That phase began to be reached some two years ago, -in such things as radios and some other electric appli-

The next, and often concurrent, phase was the filling of backlogs. Finally price-cutting began. That is now going on in full force. There is expected to be a great deal more of it. Consumers need not rush to buy things because their pent-up demands have been satisfied. They need not rush to buy them for fear prices will rise still further. They may even hold off buying in the hope that they will get better bargains, and very many millions are doing just this.

When these phases are worked out on all economic fronts, sales then become limited more or less to normal replacement demand. That is developing now. It has not yet come about with all important retail lines, however.

# Defines the Readjustment Phase

There is virtually a composite Washington judgment that the recession will end when these three phases are reached or completed, as the case may be, in all important volume lines. When all pipelines are filled (and they are not for lower-priced autos), when salesmanship and sales drive become the rule, and when price-cutting seems to have reached some reasonable level, then consumers will appear regularly in the market for replacement demand. When they appear in the market, they will operate at a very large volume, for the large supply of liquid assets, the large volume of wages and purchasing power, will make possible a large volume of business.

This composite judgment, it may be noted, is one held by important business spokesmen in the nation's capital, as well as by governmental observers, whether officials or economists. Thus, as stated by M. J. Meehan, the director of the Office of Business Economics of the Commerce Department:

"In brief, our statistical picture shows that there has been a slackening in the pace of business activity that characterized the postwar years and culminated in the last quarter of 1948.

"The relaxation of inflationary pressures and the consequent drop in prices accounts for a major part of this decline."

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Mr. Meehan spelled this out. Thus,

during the first quarter of 1949 the gross national product at \$256-billion, while \$9-billion less than in the third quarter of 1948, the peak quarter, was a decline of only 3 percent.

"But lower prices were a major factor in this change and the real volume of national production was more nearly maintained," Mr. Meehan said.

What caused the decline? An examination "indicates that the weakening in consumer demand from the high level that had obtained in the postwar years was a major factor.

"Half the S9-billion drop in the aggregate national product at annual rates in the first quarter was in consumer purchases. The decline here was not primarily due to a reduction in income available to consumers; disposable income of consumers fell less than \$2-billion from the fourth quarter of 1948 to the first quarter of 1949, to \$198-billion," Mr. Meehan said.

# Consumers Are Able to Buy

Thus he spotted the decline in purchases as due, not to an inability of consumers to buy, but to their genuine unwillingness to do so. "Evidence of this had been accumulating throughout 1948 as the rate of personal savings increased steadily, but this tendency was more pronounced in the first quarter of this year. This was notable because we would not expect saving to increase at a time when income declines,

(CONTINUED ON PAGE 95)

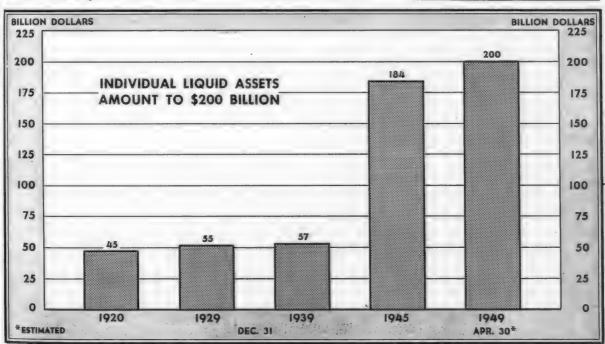
# Cover Chart

Secretary of the Treasury Snyder is one person who has been emphasizing repeatedly in the last 6 or 8 months the tremendous cushion of buying power which he believes can prevent a serious depression. He puts it this way:

'If we are worthy of our traditions, we will look on this period as one of unprecedented opportunity. American business has invested more than \$75-billion in new construction and equipment since the end of the war to maintain and expand production of goods. Since VJ-Day, Americans have bought 13-million new cars and trucks, 29-million new refrigerators, vacuum cleaners, and washing machines, and something like 50-million new radios and television sets. Now that these and other accumulated urgent demands are more nearly satisfied, our economy is turning to a normal buyers' market. I need not remind you that American enterprise thrives best in a competitive environment. We achieve most when we have to work at selling.

"But the dramatic and important part just now is that we are starting off from a position of financial and economic strength unexampled in our history. Liquid savings of individuals-and that means savings accounts, checking accounts, Federal Government securities, and currency holdings-total \$200-billion. Net working capital of corporations new stands at the near-record level of \$65billion. Employment and incomes, and corporation profits are, likewise, close to record levels. And of particular importance, our position has not been undermined, as it has been in the past, by dangerous speculative activities.

Two other charts on these pages deal with this aspect of the economy.





One feature of Know Your Bank Week in Pennsylvania was a television broadcast from Philadelphia, on which appeared Norman T. Hayes (above, left), president of the Pennsylvania Bankers Association and vice-president of the Philadelphia National Bank, and George J. Watts, Jr., assistant vice-president of the Corn Exchange National Bank & Trust Company, sponsors of the program

Below, guests at a buffet supper served by Land Title Bank and Trust Company, Philadelphia, at an open house held during the celebration



We Want You



to know us Better

So Come on Down and have

# FUN

AT OUR

HOUSE PARTY FRIDAY NIGHT, 7:00 10 9:30 P. N



You'll see a lot of fascinating bank machinery in complete and full operation, plus a working model Erie R.R. Diesel loco-

Boys Cirk - Get your name at a pad to metal on a disc for your key ring -FREE.

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# **Know Your Bank Week**

THE week of June 6 through June 11 was "Know Your Bank Week" in Pennsylvania. It was designed to give the public a chance to see what goes on behind the scenes in the banks of their communities.

The Pennsylvania Bankers Association two years ago officially authorized this special week-long statewide observance and had been planning for it ever since. The idea was to "humanize" what many people felt to be a cold-hearted business.

The Meadville *Tribune Republican* relates that the observance is the brainchild of John D. Bainer, president of the Merchants National Bank and Trust Company of Meadville. Two years ago, his bank held open house. When some 2,500 people trekked through in only three hours, he felt it showed the interest of the residents in their local bank.

Hundreds of the state's banks participated and scores of mayors issued proclamations. Newspapers put out special editions devoted to bank news and advertising (see ad of the Meadville bank reproduced above) and Governor James H. Duff issued a statement praising the work of the banks and urging the public to visit them.

Lower left, Ann Davala of the Miners Savings Bank's staff, Pittston, shows a group of high school students how banks handle United States Savings Bonds. Several banks made student visits a part of their observance of Know Your Bank Week. Lower right, Frederic A. Potts, president, Philadelphia National Bank, shows some young visitors a quill pen owned by Stephen Girard, one of the historical items on display during the week







# What Shall I Talk About?

### LIONEL CROCKER

Dr. CROCKER, head of the Department of Speech, Denison University, Granville, Ohio, is author of the A.I.B. textbook, Effective Speaking. Because of the frequency with which bankers are called on to speak before groups in their communities, Banking begins here a series of articles which will aim to cover briefly for quick reading the art of public speaking.

you get an invitation to speak and the first question that pops into your head is-What shall I talk about?

First of all, the topic must come from your own interests or be greatly colored by them. If it does, you will be sure to give a speech that no one else will ever give. You will be original. The speech will be as much yours as your toothbrush.

If the subject matter of your topic is not too original, perhaps you can give it an original slant. Take an angle that suits you. No two of us are alike. We differ in our likes and dislikes. And if you take an angle that the audience had not thought of you will surprise and please them. Especially if the committee has told you what they want you to talk about, the twist you give the topic is important.

A good topic is like a flash of lightning that illuminates a black sky. Or it is like a magnet that organizes the ideas that are lying unorganized in your mind. You have seen iron filings jump into place when magnetized. The topic is like the magnet. If the topic does not thus stimulate you, perhaps you had better choose another.

Ask yourself the question, "Why did the committee select me for this assignment?" There must be a reason. Find it. What do you know that the audience wants to know?

Then, of course, the audience should have a great deal to say about your topic. Public speaking is no one-way street. The speaker should attempt to solve some of the unanswered questions in the minds of the audience. The public speaker is like the merchant, who, to stay in business, must have goods that the public wants to buy. The members of your audience are your customers.

The audience is the final judge of your speech.

In selecting a topic ask yourself questions such as these:

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- (2) Do they know me?
- (3) Do I know them?
- What do they know that I know?
- (5) What do I know that they do not know?
- What would they like to have me talk about?
- What does the audience think that I know that they do not know?
- What would I want the speaker to talk about if I were in the audience?
- If the topic were announced in the daily papers would it arouse interest?
- Will the topic challenge the audience?
- (11) Will the topic hold interest for both men and women?
- (12) Will this topic stimulate the imagination of the audience?

We must remember that public speaking is more than a speaker unloading ideas. He must take into account the experience of his audience. The speech that is made is made in the minds of the various listeners. The speech is a collaboration between the speaker and the audience. Will the topic that is selected start this process operating?

Frequently the occasion dictates what we shall talk about. If the speaker asks himself, "What is the purpose of this gathering?", he may get a tip on how to proceed. Let the speaker ask himself some questions like these:

- (1) Is it a celebration?
- (2) Is it a business conference?
- Is it an anniversary?
- (4) Is someone to be honored?
- (5) Is it a birthday of an institution or a person?
- (6) Is the meeting for inspiration?
- (7) Is the meeting for information?

Most meetings have a purpose. The speaker must sense this purpose. The speaker who can diagnose this purpose and align his speech topic with it will most likely succeed.

The time limit of your speech will be set by the occasion. Be sure you and the committee understand each other on this point. If the committee wants only a 5-minute talk do not stretch it to 20. On the other hand, if you are the only speaker and are supposed to hold forth for 40 minutes, do not let the chairman down by talking only 20.

# Some practical suggestions:

- (A) What to talk about:
  - (1) What experiences have you had that keep coming back to you?
  - (2) What illustrations have you heard other speakers use that have a persistence in your memory?
  - What people have you met who have made an indelible impression on you?
  - (4) What places have you been that are etched on your inner eye?
  - What do you like about your job?
  - What irritates you about your job?
  - What have you heard recently with which you disagree violently?
  - What can you tell an audience to do that will increase their happiness?
  - What do you believe that you think others should believe?
  - (10) What do you owe your success to?
- (B) How to stimulate your thinking about a topic:

  - (1) Read some speeches in Vital Speeches that cover the same ideas you have in mind.
  - Read some books on the same general topic. Read magazines and newspapers for stimulation.
  - (4) Read some articles on the same general theme in the encyclo-
  - pedias
  - (5) Read the professional magazine in your field, i.e. BANKING. Go back over some of the past issues.
- (C) Some don'ts in selecting a topic:
  - (1) Do not talk on a subject that does not interest you.
  - (2) Do not talk on a subject on which you have no information.
  - (3) Do not bore an audience with old information.
  - (4) Do not cover, or digest, a magazine article. (5) Do not choose a broad subject. (Narrow it down.)
  - (6) Do not ignore the time limit in choosing your topic.
  - (7) Do not be careless in wording your topic.



# I Used To Be a

PRESIDENT: Say, Simpson, Harry's going away on that public relations trip, so I was wondering whether you'd dig up some news for the reporters. SIMPSON: Sure! I've always wanted to do that. It always sounded like an interesting job to pick out what's news and pass it on to the papers. You know, I used to be a newspaperman myself—delivered papers as a boy—hah-ha-ha!



SIMPSON: Now this is real news! As of June 30 our deposits were \$109,873,424.68, up 1.2 percent since a year ago!
REPORTER: Yeah? How about taking us on a tour of the bank?
SIMPSON: Sure! Come on! I'd like to show you our new coin counter.
That'll be a feature story for you!



REPORTER: Say! What are the flowers on old Mr. Boggs' desk?
SIMPSON: Oh, that isn't anything, except he's been with the bank
58 years today. That coin counter is right over—



REPORTER: Mr. Simpson, isn't that a model of that new housing development on the Turnpike? I've heard the bank has something to do with it.

SIMPSON: Why, yes, now that you mention it, we do. It's the biggest bank-financed housing job in the state, but we don't like to brag, you know. Thought I'd better not say anything about it.



REPORTER: Isn't Vice-president Botsy around today. Thought we might get something out of him.

SIMPSON: No, sorry. Afraid there's no news from him today. He left last night for Washington to consult with the President and some other people out there. Too bad. Well, let's get on to that feature story about the coin—

# Newspaperman Myself Drawings by DICK ERICSON



s trip,

You



REPORTER: Isn't that George Gavel over there? He's interested in lodge affairs, I understand.

SIMPSON: Yes, he is. Matter of fact, day before yesterday he was elected national grand exalted president, but we knew it was coming for a long time. That coin counter is right over here.

REPORTER: That looks like the superintendent of schools talking to

SIMPSON: You're right. They're probably talking about the scholarships we're offering high school students. We haven't got the plans figured out yet, though. Thought you'd rather wait for the complete story. Now that coin-





REPORTER: What's going on there, Mr. Simpson? SIMPSON: Why, we're going to put up a new bank building-eight times our present size. But we don't want to say anything about it until it's all finished. Those fellows are rehearsing the groundbreaking ceremony.

REPORTER: How's your president's campaign for governor coming along, Mr. Simpson?

SIMPSON: Oh-ha-ha-no story there I guess. He definitely decided at lunch today that he'll withdraw from the race. He's been offered the job of minister to—Hey!! That coin counter—



PRESIDENT: How'd you make out, Simpson? SIMPSON: Finel Finel Very intelligent group, those reporters. Of course, they made a few suggestions themselves, but I gave them a lot of good leads. You know, I never did get a chance to show them our new coin counter.

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# How Much Is a Dollar's Worth?

PAUL EINZIG

The author, a well known British economist and financial writer, was the author of "Is Devaluation Out of Fashion?" in May 1948 BANKING. His books on political and economic subjects have been widely read on both sides of the Atlantic.

THE world has changed since the Thirties to a remarkable degree in many respects, but in no direction more than in our attitude toward devaluation. Fifteen years ago competitive currency depreciation was the prevailing monetary fashion. Every country aimed at underselling its rivals by making its exports cheaper through devaluing its currency. It was mainly in order to stop this practice that, towards the end of the war, all the best brains among the world's currency experts met at Bretton Woods. They devised a system the main purpose of which was to prevent governments from devaluing their currencies. During the last few years this attitude has changed completely. Today hardly any government wants to devalue its own currency and almost every government would like to see almost every other currency devalued.

This change of attitude was mainly the result of postwar conditions under which exporters in most lines were unable to satisfy the whole demand. In such circumstances a country which had deliberately devalued its currency would simply give away part of the proceeds of its exports by accepting less foreign exchange and fewer foreign goods in payment. Even though in many lines the seller's market has now given way to a buyer's market, as a general rule most countries still feel they stand to lose by devaluing their currencies. It is assumed, rightly or wrongly, that the increase in the volume of their exports thus achieved would not compensate them for the reduction of the prices obtained resulting from a devaluation of the national currency.

This is the reason why most countries were utterly reluctant during recent years to lower the gold value of their currencies, even if the rise in their internal prices and costs of production through postwar inflation made the devaluation justifiable and necessary. Countries such as China, Greece, Hun-

THE LAST TIME THE DOLLAR WAS DEVALUED



On January 30, 1934, President Roosevelt signed the dollar devaluation bill, which fixed the price of the dollar at 59.06 percent of its previous gold value. At the same time the Government took over all gold stocks. Above, with the President, are, left to right, Herman Oliphant of the Treasury Department, Secretary of the Treasury Morgenthau, Federal Reserve Board Governor Black, presidential monetary advisor Warren, George L. Harrison, governor of the Federal Reserve Bank of New York, and Professor James Rogers, another of the White House monetary experts of that period

gary, etc., where inflation assumed extreme proportions, had to submit to the inevitable. On the other hand, countries with less advanced inflation, such as France and Italy, adjusted their exchange parities only reluctantly and inadequately to the depreciation of the internal purchasing power of their currencies. Their devaluation was usually "too late and too little."

As for Great Britain, her government refuses to consider any suggestions of devaluation. Such suggestions have been coming in lately from many quarters. London is pressed both from the Continent and from Washington to agree to a devaluation of sterling. The main motive of the Continent and most other foreign countries in urging on Great Britain a devaluation is to be able to buy British and sterling-area goods at a cheaper price. Should they themselves devalue their currencies they would like to insure, through a corresponding devaluation of sterling,

that they need not have to pay higher prices for sterling-area goods. The main motive of the United States in giving Britain such advice is the feeling that a devaluation of sterling is the preliminary condition of a much-needed general adjustment of European currencies.

The pressure brought to bear on London from Washington to devalue sterling is causing some resentment, because, rightly or wrongly, London feels that the price level in Great Britain is sufficiently low to justify the government in maintaining the present exchange value of sterling. It is understood that the reluctance of the British authorities to devalue could be overcome only if the devaluation of sterling were made part of an all-round devaluation of all currencies, including the dollar.

There is indeed a strong feeling among many experts in Great Britain and other countries that an increase of the official American buying price of pi

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gold would go a long way toward solving the world's monetary and economic difficulties.

Indeed the case for a higher dollar price of gold is very strong. The main arguments may be summarized under the following headings:

(1) An increase in the American buying price of gold would result in an increase in the gold output in all goldproducing countries.

(2) It would increase the volume and value of American gold imports.

(3) It would assist in the internal readjustment of gold parities.

(4) A revaluation of gold reserves would help the budgets.

(5) An expansion of the gold basis of credit would remove the danger of a slump.

# Increasing Gold Output

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A worldwide increase in the gold output would be a great advantage because it would contribute towards the solution of dollars. At present the gold output is adversely affected by the increase in the cost of gold mining. Notwithstanding their higher cost of production, gold producers have to sell the bulk of their output at the official price, which in most countries is still the pre-

A devaluation of the local currencies -for instance, of the South African pound-would only provide temporary relief because the price levels of the gold-producing countries would soon adapt themselves to the lower exchange value of the national currencies and the advantage derived by producers from the devaluation would soon cease. The devaluation of sterling might be more helpful for gold producers of South Africa and other parts of the sterling area. But soon the higher prices of goods imported from countries outside the sterling area would affect the cost of living and cost of production in the gold producing countries. The advantage gained from sterling devaluation would disappear, therefore, before very long. On the other hand, if the dollar is also devalued, then the prices of goods imported from outside the sterling area would not rise automatically through a corresponding devaluation of sterling.

It may be asked why the United States should raise its buying price of imported gold, seeing that in any case gold producers and holders are only too willing to sell their gold at the present price of \$35 per ounce. On the face of it, it looks as though an increase of the (CONTINUED ON PAGE 91)

A Comment on Mr. Einzig's Article

WALTER E. SPAHR

DR. SPAHR is professor of economics. New York University, and executive vice-president, Economists' National Committee on Monetary Policy.

THE basic weakness in Mr. Einzig's article is that he recognizes no virtues in, and offers no defense for, a fixed and honest monetary standard.

Instead, he would manipulate a currency to increase exports (especially the exports of the United States), to control a price level, to aid gold producers, to "adjust" international gold parities, to write up a government's monetary assets against its liabilities, to 'prevent' a slump in business, to provide more currency (especially dollars) to foreigners. He would have the United States come into the fold of British and European currency manipulators and lead the way-set "an example"-in further devaluation so that it would no longer be considered to be a device of weak countries"!

Although a careful estimate is to the effect that from World War I to June 30, 1950, the United States will have given to foreign countries over \$92-billion for which there will be no repayment, Mr. Einzig tells us how, by devaluation of the dollar, we can and should give still more of our real wealth to the world.

Currencies that need devaluation, such as the British pound and others, are tossed by Mr. Einzig into the same hopper with the United States dollar, for which no valid case for devaluation can possibly be built. Although currency depreciation steals people's savings like "a thief in the night," Mr. Einzig would have our Government join those other governments of the world who accept such silent thieving, whether or not they are driven to it, as respectable.

All his contentions crumble in the face of fact if one accepts the established principles that the basic requisite of a good monetary

standard, as for any standard of measurement, is fixity in the standard unit, and that the unit should not be altered if it can be avoided.

The United States has an ample supply of gold to support its nongold money and deposits. Consequently, there is no valid argument that can be offered in defense of the devaluation of our standard monetary unit. Our fixed unit has been for 16 years, and is, a helpful factor in a world of instability; and, should Congress, for any reason, be persuaded to alter our standard dollar, such an act would do immeasurable damage both to us and to the world. It would destroy for generations to come the faith of our people in the willingness or ability of Congress to maintain a fixed monetary standard for the people of this country. We would have joined the company of the currency manipulators of England and Europe and would share the distress and suffering that should be obvious. The effects upon enterprise, invention, saving, investment, capital accumulation, and production, would apparently be more disastrous than we could readily comprehend. Our depreciation and devaluation of our dollar in 1933-1934 was a severe shock to our people's faith in our Government's understanding of, and attitude regarding, a monetary standard. Another act of that kind would practically assure our people that our Government had gone European in monetary matters.

Any person who understands the elements of a good monetary standard should be able to perceive the fallacies in the main arguments offered by Mr. Einzig what he calls his "strong" case for a higher dollar price of gold. It must suffice here to point out the most fundamental characteristic of his article - its general unsoundness because he recognizes no virtues in a fixed and honest monetary standard.



The author is assistant director of the News Bureau of the American Bankers Association.

This is a story about Canton, Missouri, and the local banker who is building up his bank by helping to build a better community. It could be the story of many other towns—and many other bankers.

Some towns are wide awake and progressive, with business districts that seem to hum with activity, and neat residential sections filled with attractive homes and well kept lawns. The people who live in such towns are busy, happy, and community-minded, for the physical attributes of the town can only reflect the people who live there.

Such towns seldom just happen. It takes a lot of planning, work, and cooperation to promote community well-being. An essential ingredient is leadership provided by representative individuals who may be in business or the professions, active in churches and schools, civic service organizations and social groups. Ranking high in this group is the banker who should have active contacts with every element of community life. Willard A. Hawkins, president of the Canton State Bank, accepts the responsibilities that go with his position and every one in Canton has benefited.

Canton is a town of 2,125 population in Lewis County on the Mississippi River in northeast Missouri. It is the home of Culver-Stockton College, now in its 96th year of continuous operation, and the oldest chartered coeducational college west of the Mississippi River. At the town is located navigation dam No. 20 of the Mississippi River waterway, giving Canton business the benefit of deep water navigation at the foot of Main Street. It serves as a trading center for a general farming community of about 1,900 farms located in Missouri and across the river in Illinois. The town has 103 business firms and 10 professional offices for its doctors, lawyers, dentists, etc. It owns its municipal light and water company, which is a successfully operated business.

Concrete highways and modern auto-

mobiles have brought most American farm homes just a few minutes from town. In doing this, they have created a real problem for businessmen in small country communities. The farmer customer has plenty of cash nowadays and it is easy for him to by-pass stores in his home town in order to patronize the bigger markets in nearby cities or the county seat. Canton is one small town, however, that is successfully moving against this trend—largely because the local bank brought together the progressive elements of the community to exploit its advantages.

In the early days when transportation was limited to horse-drawn vehicles, trains, or Mississippi packet boats, Canton was a substantial trading center. Three banks with combined deposits of about \$1-million served the town. The trading area supported several small community industries and businesses dealing in wholesale and job-lot commodities, in the early 1900s. However, after 1900, river freight service and barge transportation began to dry up under competition from the railroads and then came improved highways and better automobiles, which made it possible for Canton people to trade in Quincy, Illinois, Hannibal, Missouri, or Keokuk, Iowa. As in the case of thousands of other little towns, it seemed as though Canton was on the downgrade for a few years.

For a few years before 1935, the town enjoyed a brief spurt of activity when the dam on the Mississippi River waterways system was built there. But, when

At top, a scene on Canton's Main Street. This busy Mississippi River town has a population of 2,125. The lower picture is a view on the campus of Culver-Stockton College, showing the women's residence at the left and, in the background, the administration building. The college has enjoyed a marked improvement in its financial condition







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In 1934, the town had suffered from several years of drought and farm incomes were low—practically nonexistent. The three banks had all failed. Many storerooms in the business section were standing vacant. The college had less than 200 students. Liquid resources of the community were very limited. The bad state of repair of many homes and business buildings portrayed the depleted economic business condition of the community. That is where this story begins.

The story about Canton since 1935 could also be the story about the Canton State Bank. Willard A. Hawkins, in 1934, was operating a very small bank

in a very small town in north central Missouri. The bank had weathered the depression and, because of uncertain economic conditions, approximately 85 percent of its deposits were in cash. Mr. Hawkins realized the small potential of the community in which he was then located and was advised by a city banker friend to investigate Canton, Missouri. The fact that it was the home of Culver-Stockton College was of interest to both Mr. and Mrs. Hawkins because of their two small sons.

Mr. and Mrs. Hawkins drove to Canton. They looked over the college and they talked to A. N. Allen, president of the local Chamber of Commerce. In any conversations with Mr. Hawkins about Canton he uses many names. Mr. Hawkins credits the progress of this town to the cooperative efforts of a lot of people. However, the people of Canton point to Mr. Hawkins as the man responsible for the good things that have happened there since 1934. Probably, Mr. Hawkins and his bank didn't do it alone, but they did bring together people with competence and ability.

Even on the first visit to Canton, Mr. Hawkins got a few ideas about improvements that he would like to see made. He and his wife were forced to stop at the local hotel, which was very old and in a bad state of repair—both the inside and outside. He made his first resolution, namely, to promote, if possible, better accommodations for the traveling public.

At any rate, the Canton State Bank opened for business on October 5, 1935, with \$25,000 capital and \$3,125 surplus. Total deposits were \$117,310.95.\*

Shortly after moving to Canton, Mr. Hawkins and his wife visited the local theater, which was at that time housed in a remodeled store building. The pictures were good and up to date, but the building was old, poorly ventilated, and very small.

"We resolved then to encourage a modern theater at our first opportunity," Mr. Hawkins says.

In the spring of 1938, the local theater man was about to renovate his small theater and approached the bank for an improvement loan. Mr. Hawkins explained to him that a college town could support one good theater and urged him to enlarge his plans. As a result, Canton now has a theater which is more modern and up to date than can be found in most towns twice the size in the Middlewest. The theater owner has enjoyed a profitable experience.

# **Newspapers Merged**

At the time the bank was established, it wanted to advertise and found there were three newspapers published in Canton—no one of which covered the territory adequately. By 1940, L. L. Dimmitt had purchased two of the papers and shortly thereafter was successful in purchasing the third-merging three into two newspapers-one of which is the official county publication and the other the local community edition. "His energetic and untiring efforts to promote the advancement of the community have contributed immeasurably to the growth and prosperity of Canton," Mr. Hawkins says. Mr. Dimmitt has enjoyed a profitable operation.

In 1937, Culver-Stockton College became interested in remodeling into a hotel a building they owned. Ten businessmen in the town formed a hotel

(CONTINUED ON PAGE 83)

\* From its meager beginnings, The Canton State Bank has grown until it now has \$50,000 capital, \$50,000 surplus, undivided profits and reserves of about \$25,000, and the deposits of Canton people to a total of about \$2,200,000.

When the Canton State Bank wanted to become a hub about which the business of the town revolved, it found one of the best ways to do this was to tear down barriers. The old metal grill tellers' cages were torn out and in their place modern equipment and furnishings were installed, making the bank light, airy, and friendly. At top is the old lobby, below, the new





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# Banks + University + Business = Community Progress.

### LELAND J. GORDON

Dr. Gordon is chairman of the Economics Department, Denison University.

N June 7, 1949, small businessmen in Licking County, Ohio, assembled on the campus of Denison University in Granville, where they listened attentively to a stimulating series of lectures which evoked their lively participation in discussion periods. At the conclusion of the conference, a short period was devoted to evaluation. There was unanimous agreement that the conference had been a complete success, that the topics had been well selected and ably discussed, and that the conference should be repeated. In fact one enthusiast suggested that such a conference should be held twice a year.

Left to right, below, at the conference: James Miller, president of the Newark Clearing House Association and vice-president, First National Bank, Newark; Kenneth I. Brown, president of Denison University, and Everett D. Reese, president of the Park National Bank of Newark, Ohio, and chairman of the Small Business Credit Commission of the American Bankers Association

The small business conference was sponsored jointly by Denison University and the bankers of Newark, Ohio, under the auspices of the American Bankers Association's Small Business Credit Commission, of which Everett D. Reese, president of the Park National Bank of Newark, is chairman. In addition to serving local small businessmen, the conference established a pattern for other bankers and colleges throughout the nation. The conference was conceived by Mr. Reese and in the preliminary planning he was assisted by James M. Miller, president of the Newark Clearing House Association and vice-president of the First National Bank, Newark, and John W. Alford, vice-president of the Park National Bank.

The 173 who registered as participating small businessmen represented 32 business classifications. They employ 1,280 persons. In addition, four large manufacturers were represented by observers. Owen-Corning Fiberglas Corporation, employing 3,500, had eight observers, Pure Oil Company five, Ohio Power Company two, and Newark Stove Company two.

Presiding at the opening session, Mr. Reese sounded the



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keynote of the conference when he stated that its purpose was to put into the hands of those present tools to meet new and rapidly changing conditions, tools which would assist the small businessmen of Licking County to continue to operate soundly and profitably. The first of such tools was presented by John Martin, C.P.A. of Columbus, Ohio, as good accounting. This does not mean elaborate or cumbersome accounting; but, rather, a system which will provide the facts on the basis of which problems may be solved. Accounting is the language of business which should provide information for tax reports, for presentation to a banker when credit is sought, and information for use in preparing various operating ratios.

Problems of retail advertising and promotion were discussed by Joseph Reighart, partner of Spring-Holzworth Department store of Alliance, Ohio. Suggesting that the four columns or pillars of a business are management, personnel, products, and plant, Mr. Reighart emphasized good advertising and promotion as a fifth column. Every business should have an advertising budget as a fixed percentage of sales to be continued in good times and in bad times.

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One of the helpful features of the conference was the opportunity for participants to ask questions. Among the many presented during the day were such as these: What shall I do about "pressure" advertising? Is it a good idea to put prices in windows? How can a man analyze the results of his advertising, particularly radio advertising? How does one decide what percentage of sales should be used for advertising purposes? Is direct mail a good medium?

The morning session was concluded with a discussion of "Store Design As a Sales Aid" by E. A. Lundberg, director, architectural design department, Pittsburgh Plate Glass Company. Stressing the finding that 87 percent of customer impressions are made visually, Mr. Lundberg presented the features of design as display, setting, unity, attraction.

### The 173 Who Attended

Of the eight banks in Licking County (outside of Newark) six had representatives. Statistics on the Small Business Conference show an attendance of 180. This figure includes seven observers, or men not directly engaged in small business operation; three educators; five county bankers; two representatives of bank associations. There were 173 businessmen in attendance, as follows:

Dry cleaners	5	Funeral directors 3
Jewelers	3	Photographers 3
Hardware	4	Department stores 5
RETAIL:		Furniture 4
Automotive supplies	6	Utilities 3
Womens specialty	3	Contractors 4
Mens clothing	3	Insurance and real estate. 14
Shoe store	2	Accounting and tax serv-
Beauty shop	2	ice 5
Drug store	3	Banks 8
Radio and newspapers	5	Manufacturers 16
Grocery	8	(under 100 employees,
Appliances	8	3)
Variety store	4	(over 100 employees,
Auto dealer	7	13)
Auto service	4	WHOLESALE:
Agriculture and farm sup-		Grocer
plies	10	Hardware 2
Upholsterer	2	Gas and oil 5
Paint and wall paper	2	
Lumber and building sup-		173
plies	16	Owners—125
Advertising	2	Employees-48



The author, above, talking before the small business conference recently held in Newark, Ohio, and described here

At the luncheon session the writer suggested that a formal plan might be developed under which senior students majoring in economics at Denison University could be assigned to work on specific problems for individual businessmen or for groups of businessmen.

William R. Kuhns, editor of Banking, discussed the "Current Status of Business," telling the members of the conference that there would be a short depression followed by a long boom, which would result primarily from Government spending for war purposes.

In the afternoon session Dr. J. C. Dockeray, business finance and tax officer, Department of Commerce, Washington, D. C., presented the "Small Business Aids of the United States Department of Commerce." The functions of the Small Business Committee of the Department are: (1) To help small businessmen make sales contacts, primarily through their field offices; (2) to supply information on management know-how; (3) to give expert information on finance and tax problems; and (4) to sponsor conferences through an extension program.

The conference was brought to a dramatic conclusion by the dynamic discussion of "Sales Approach" by Vernon (Sam) Vining, merchandising consultant, Westinghouse Electric Corporation. According to Sam Vining, selling is the process of having fun helping the other fellow have fun in getting the things he wants. Every boss should be on the floor selling and should analyze his business frequently.

In addition to the outstanding speakers and Licking County bankers in attendance, guests included Carroll A. Gunderson, secretary of the Small Business Credit Commission, American Bankers Association, New York; David Auch, executive manager of the Ohio Bankers Association, Columbus; and Dr. James G. Yocum, editor, *The Ohio State University Analyst*.

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# **METHODS** and **IDEAS**

This department is edited by JOHN L. COOLEY of BANKING'S staff.

# **Teen-Age Banking**

TATIONAL BANK OF COMMERCE OF Lincoln, Nebraska, comes up with what looks like a new one—the junior checking account.

This special service for boys and girls under 17 years of age gives valuable training in money management to newsboys, youngsters in business, and other teen-age collectors and handlers of cash. The junior CA's are handled by an assistant cashier who interviews each boy or girl applicant at a special desk on the balcony of the bank. There the young customer sits down with the banker for a briefing on the care and feeding of checking accounts. The procedure of opening an account is explained to the applicant; he also gets some pointers on stub bookkeeping.

Then there's a friendly talk on what happens to a deposit when it's handed to the teller. This exposition is illustrated by a trip around the bank—

LINCOLN, NEBR., 19 No. 1041

NATIONAL BANK OF COMMERCE

DAY TO THE ORDER OF \$ DOLLARS

JUNIOR CHECKING ACCOUNT

visits to the various departments where the teen-ager sees how his money is used and cared for.

Vice-president Glenn Yaussi says the National spends considerable time with each young customer. "We believe," he told Banking, "that we not only have a good piece of advertising, but that we are helping the young people to become acquainted with the business world."

The number of junior checks is limited to three a month; there's a 10-cent charge for each additional one. But so

far the bank hasn't been troubled by excessive activity or by overdrafts.

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# Arithmetic at Work

Thanks to the CITIZENS MARINE JEFFERSON BANK of Newport News, Virginia, the seventh grade arithmetic classes at one of the schools had an opportunity during the past term to see how a bank works.

The pupils visited the bank, a class at a time, after banking hours. Escorted by a teacher and by representatives of

The Bayside National Bank, in the New York metropolitan district, is providing television for customers at its Union Turnpike office. The set is in the center of the banking floor



the Citizens staff, they first saw the night depository outside the building and then visited every operating department.

"Such a program," says D. A. Bulifant, assistant cashier, "had not been undertaken for many years in our locality. The teachers, pupils, and school officials were most appreciative. Numerous letters were written to the bank by the pupils of the various classes, thanking us profusely.

"At the end of each tour a metal dime savings bank, containing a dime and imprinted with the bank's name, was presented to each pupil by our president, Irving Reid. The teachers reported that about 50 percent of their pupils wanted to start savings accounts in the near future.

"We feel so elated at the response that at the beginning of the next school year all seventh grades in our county are to be invited as our guests for the tour."

# Murals with a Message

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The history and close relationship of savings banking and business in Connecticut are symbolized in three murals for the new building of the BURRITT MUTUAL SAVINGS BANK, New Britain.

The central picture (see cut) shows the origin of "mutual" theory; the men represent the many public-spirited citizens who recognized the need for banking facilities for the workers' savings. At the ledger sits a leading merchant who is conducting the business of a typical early mutual savings bank in the rear of his store. Around him are some of the working people of the time -shipwright, gunsmith, clock-maker, blacksmith and miller. Back of this group is displayed a section of the general store showing goods of early Connecticut manufacture. On either side are two means of early transportationthe clipper ship and the pioneer Connecticut River and Long Island Sound steamboat.

Another mural will present that colorful character, the Yankee pedlar. The third will symbolize the change from handicrafts to the beginnings of mass production.

The artists are Sanford Low of New Britain, and Walter Korder of West Hartford.

One of the new murals at the Burritt Mutual Savings Bank, New Britain, Connecticut



President Irving Reid of Citizens Marine Jefferson Bank, Newport News, Va., presents a dime bank to a 7th grader

# "Bank of Gold Gulch"

One of the prominent features in the old western mining town which has been reconstructed at this year's Chicago Railroad Fair is the "Bank of Gold Gulch," built by the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY of Chicago as a tribute to American bankers and their contribution to the growth of industry.

The building, which faithfully reproduces, inside and out, the architecture of the old West, oozes atmosphere. On its counter are scales for weighing gold dust. The walls are decorated with re-

ward signs, photographs, and stagecoach schedules. Furnishings, in keeping with the days when masked men made too frequent withdrawals, also include an ancient pot-bellied stove set in a sandbox, an old safe, a Wells Fargo desk, and ledgers used in Wells Fargo offices in the 60's and 70's.

The story of gold from the ore to the minted coin is told in the main exhibit at the "Bank of Gold Gulch." Prospecting equipment, dust, nuggets, gold leaf, and rare gold coins are among the items on display.

(CONTINUED ON PAGE 86)





# The A.I.B.'s Big Year

Banking hereby takes its place in the long line that is forming to offer 50th anniversary congratulations to the A.I.B.

The American Institute of Banking, largest adult educational organization in the world, entered its Golden Jubilee year, 1949–50, at the 47th annual convention held in Portland, Oregon, May 30–June 3. Five decades of work directed at self-improvement and better banking will be appropriately observed during the next 12 months by the Institute's record membership of nearly 90,000 men and women, half of whom are enrolled in the courses.

The celebration culminates next June at the Institute's Minneapolis convention when a special commemorative program will mark Birthday No. 50 and send the A.I.B. into its second half century of study, service, and fellowship.

Jubilee Year comes in the administration of National President Hartwell F. Taylor, assistant vice-president of The Bank of Virginia, Richmond, and National Vice-president J. Kaye Ewart, assistant vice-president, National Bank of Washington, Tacoma, who were elected at Portland. Mr. Taylor succeeded Pierre N. Hauser, vice-president of the First Wisconsin National Bank, Milwaukee.

Plans for the observance took shape at Portland where the 50th Anniversary Committee, headed by Clarence R. Chaney, vice-chairman of the Northwestern National Bank, Minneapolis, met to hear subcommittee reports on the many phases of the year's program.

When the Institute convenes next summer it will, in a sense, be back home, for the Minnesota city is the birthplace of the idea that became the A.I.B. It was there, in the autumn of 1898, that Joseph C. Chapman, note teller of the Northwestern National, brought his colleagues together for a course in commercial law and the next year organized the Minneapolis Bank Clerks' Association.

Also in 1899, Louisville and Buffalo bank clerks petitioned the Executive Council of the American Bankers Association for an organization that would provide educational opportunities for bank workers on a national scale. At the AssociaTHE PICTURE

Ready for the Institute's 50th year — the new officers and Executive Council members just after adjournment of the Portland Convention: Left to right, Councilmen Leon I. Williams, Pittsburgh; J. Ralph Wagner, Wyandotte, Michigan; Alvin E. Roemershauser, New Orleans; Stetson B. Harman, First Trust and Savings Bank, Pasadena; Vice-president J. Kaye Ewart, Tacoma, Washington; and President Hartwell F. Taylor, Richmond

tion's convention that year the A.B.A. Committee on Education was authorized to draft a plan which was approved at the 1900 convention of the Association. The American Institute of Bank Clerks, offering a three-point study program, began to function in the spring of 1901. Its name was changed to the American Institute of Banking in 1908.

Institute history, with its theme of better banking through education, will be featured during the Jubilee year. Chapters will hold founders' meetings at which local beginnings and contributions to the A.I.B. story will be developed with the aid of prominent speakers provided by a specially organized bureau. Publicity releases for distribution by chapters and study groups will be available from the national office in New York.

A national radio broadcast spotlighting the Institute's place in education is likewise being planned. One or two other important events are to be announced later.

Fred I. Kent, the New York banker who was the first president of the Institute, is scheduled as the chief speaker at the Minneapolis commemorative meeting next June. In fact, four generations of the Kent family are expected to attend. This session, arranged in cooperation with the University of Minnesota, a member of whose law school faculty taught that first class recruited by the late Joe Chapman, will take place in the university's auditorium on the Sunday evening of convention week. It will pay special tribute to the A.I.B.'s founders and to the many bank people who guided it to maturity.

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At the convention ball Portland's Order of Rosaria gave a preview of the city's Rose Festival ceremonies, held annually in June. Queen Barhara hestowed Rosarian knighthood on A.I.B. President Taylor and on past President Hauser, seated. At the right is one of the dignisaies of the court. This honor, reserved for celebrities attending the Festival, had never before been given to nonparticipants in the Rose Week ceremonies



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And now let's summarize briefly that busy 1949 convention at Portland. The thousand delegates found it a family affair from start to finish; leaders and speakers at the conferences which are the core of the A.I.B.'s annual meetings were Institute people, many of them past national presidents. Evans Woollen, Jr., chairman of the Fletcher Trust Company, Indianapolis, who addressed the opening session, could qualify as a member of the family, too, for he spoke as president of the American Bankers Association. And J. Leroy Dart, president of the Florida National Bank at Jackson-

ville, speaker at the second business meeting, is an Institute man of 22 years' standing—a former president, among other things.

In addition to electing a new president and vice-president the convention chose four members of its Executive Council for three-year terms: Stetson B. Harman, trust officer, First Trust and Savings Bank, Pasadena; Alvin E. Roemershauser, assistant vice-president, Whitney National Bank of New Orleans; J. Ralph Wagner, cashier, National Bank of (CONTINUED ON PAGE 93)

"The convention will please come to order!" President Pierre N. Hauser, at rostrum, opens the Institute's 47th annual meeting. Seated at the white table, left to right, A.B.A. Treasurer Frank P. Powers; C. B. Stephenson, general chairman of the Portland Convention Committee; Clarence R. Chaney, chairman of the A.I.B.'s 50th Anniversary Committee; Evans Woollen, Jr., president of the American Bankers Association, who spoke at the session; and Hartwell F. Taylor, A.I.B.'s incoming president. Others on the platform include past presidents of the Institute, members of its Executive Council, committee chairman, guests, and national office staff members





### DEVANET

# Realities and Unrealities

### HERBERT BRATTER

WASHINGTON

DUMOR that sterling will be devalued this year persists in Washington. If that happens, one may look for other devaluations "all over the lot," the main exceptions being the U.S. and Canadian dollars and certain Latin American currencies. In the present condition of world markets British and other continental producers just cannot compete for dollars until their prices are brought down. The question is whether this can be best done by cutting costs at home, or devaluing the currency. One of these days in a meeting of the World Fund's directors the British spokesman is likely to speak up and say: "Gentlemen, this is it." And the Fund will consent. Meanwhile Secretary Snyder and Assistant Secretary Martin are paying Europe a summer

### QUOTE—UNQUOTE

The ECE depicts the sad state of European recovery in such passages as the following:

"The productivity of labor in industry in Europe was 10 percent below prewar in 1948, whereas in the United States it had risen by 27 percent in industry and 54 percent in agriculture.

Hence, in 1948, the productivity of labor in European industry was less than one quarter, and that in agriculture of the order of one-sixth, of the productivity in the United States . . .

"There is a tendency for all countries to develop autarchial economics rather than to achieve an economic development calculated to lead to a better integration of the European economy as a whole. In Europe, the size of the national economies is such that, in most cases, full advantage could only be taken of the economies of large scale production through international specialization in industrial development."

# DOLLARS ARE WELCOME EVERYWHERE

If you know of any dollars that are not doing anything tonight, well, Gen. Manuel Odria, whose military junta has controlled Peru since the October 1948 revolution, believes that a great period of expansion and new opportunity for foreign capital lies ahead in his country. . . . The UN, having seized President Truman's famous "Point IV" with both hands in the manner of Ernest Bevin, has come out with a 328-page book on what it could do in that direction with \$85,942,383. This sum would

go mainly—and we quote—to FAO, WHO, and UNESCO. The latter, we learn, is budgeting for the translation of Shakespeare into Arabic. "Bubble, bubble, toil and trouble." Well, weren't the Arabian Nights translated into English?

### POINT IV

There is a growing literature about the implementation of President Truman's Point IV, the outlines of which are still fuzzy. Most commentators seem to agree that Point IV won't mean much unless it is followed by a stream of dollar investments abroad, private investments in factories and the like. Point one about that was laid down at Lake Success by a U. S. spokesman, Isador Lubin, in these terms:

. . . No, it isn't the desire to get exorbitant profits that is keeping private capital from going abroad. It is fear, fear caused by political or economic insecurity, fear caused by unstable currencies, fear caused by nationalization or requisition of foreign assets without compensation, fear against the inconvertibility of currencies which hamper the transfer of earnings or principal payments, fear against discrimination, fear against doubte taxation and perhaps more than all these, fear of more of such things in the future.

(CONTINUED ON PAGE 72)

# Opportunity in the Long-Awaited

# Marital Deduction Regulations

EARL S. MACNEILL

estate planning · estate planning

In connection with the following article, the reader will find it useful to refer to others which Mr. MACNEILL has written for BANKING in the past several months, especially "This Tax News Is Good News," in last January's issue, and "A Break for Payers of Estate Taxes," last February. The author is vicepresident of the Irving Trust Company, New York.

THE long-awaited regulations construing the marital deduction and other features of the Revenue Act of 1948 finally have been released. It will be recalled that last November tentative regulations were announced, and that, while they were more liberal than generally had been expected, there were still some "stickers," notably with respect to unproductive property.

# Marital Deduction Trust— Old Style

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Volumes have been written, since the Revenue Act of 1948 went on the books, describing just how trusts should be set up in wills so as to obtain maximum saving of estate tax through use of the marital deduction. Lawyers had leaned backwards in definition—and the Commissioner of Internal Revenue, in his proposals of last November, had conformed to their leanings. Up to half of gross estate, less debts and expenses, might go tax-free (he specified) if given outright to surviving wife or husband, or given through a trust which met these requirements:

(1) The surviving spouse is entitled for life to all income from the trust:

(2) income is payable at least annually;

(3) the survivor has the power to dispose of the principal of the trust fund either during life or at death;

(4) this power is exercisable by the survivor alone; and

(5) the principal is not subject to a power in any other person to appoint any part of it to anyone other than the surviving spouse. (This sounds like double-talk on (4) but presumably there is a distinction.)

In expanding on (1), the commissioner went on the theory that if a spouse is entitled to income then there must be income; therefore, if nonincome-producing property should "substantially" comprise a trust fund, that fund might be denied the deduction.

# Suggestions Were Invited

Comment offered at the invitation of the commissioner centered on this feature of the tentative regulations, and may have had some part in the "discovery" of the new concept we have mentioned, which was this:

That the "marital deduction trust" was an exception to

a certain technical "terminable interest" rule in the statute -and to gain an assured 100 percent deduction for the dollars involved one should still use this 5-point trust. But under the general statutory provision (rather than the exception) a trust may qualify for some deduction (though it may be less than 100 percent of the value of the trust fund) if it merely provides that the trust principal is to be payable to the surviving spouse's estate. The income may be payable to anyone; or it may be accumulated and paid out later with the principal; or there may not be any income! The point is, there is an "interest in property" passing to the surviving spouse; and, to the extent that the value of that interest can be measured at the time of death of the first to die, it is deductible in that one's estate. How to measure? Simpleif you are an actuary. It is the present value of the dollars that will eventually come into the survivor's estate, taking into consideration an assumed interest rate and the life expectancy of the survivor according to insurance tables.

# Areas of Re-examination

There are disadvantages to the optional method, as will be realized upon analysis. Offhand, we think this can be safely said:

Many men (and women, too) have revised their wills in recent months with some reluctance. Take, for instance, a man whose wife has a fortune comparable to his own. He hesitates to set up a fully qualified trust, paying her all of the income, because to do so is only adding to her taxable income in the highest brackets. Now he can order the income payable to the children, providing only that the principal of the trust fund, upon his wife's death, shall fall into her estate. Thus he has delayed tax on up to half of his estatehas kept a sizable sum earning income for the lower-taxrated members of his family.

Then there are men whose estates have included large holdings of unproductive real estate, or business interests where profit has been in terms of salary rather than dividends. Because these items might not "qualify" under previous interpretations, they have set up fully qualified marital deduction trusts with their fingers crossed-or, to keep their fingers straight they have done nothing in the way

of revision.

To these, and others, opportunity now has come for reconsideration; and many will find in the "partially qualified" trust a middle ground for conservative decision. To the trust officers in our banks, opportunity has come for further service—a new reviewing of wills, including wills that recently have been revised—more balancing of facts and figures more weighing of motives and comparative advantages and disadvantages-more "estate planning."

July 1949



L. A. Bitterman, cashier, First National Bank of Wilmington, Illinois, right, advising with Don J. Forsythe, farm implement dealer of Symerton

# **News for Country Bankers**

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

# Counsel and Guidance . . .

OUNSEL and guidance of his bankers are factors mentioned by The Case Eagle as contributing to the success of Don J. Forsythe, proprietor of the Forsythe Implement Company of Symerton, Illinois. President C. H. Martin, Cashier L. A. Bittermann, and Assistant Cashier O. G. Thompson of the First National Bank of Wilmington, Illinois, are the bankers to whom Mr. Forsythe looks for advice.

Commenting on the nonfinancial assistance given Mr. Forsythe by the bank, the article announces that he never makes a major move in his business without first consulting the bank.

"The dealer says that sitting down with Banker Bittermann to study his prospect list greatly aids his canvassing and sales work. He learns whom to sell, whom not to sell, and the various credit standings of his prospects. If his banker doesn't deem a man should buy, then he doesn't try to sell him. Perhaps the customer would be better off buying used machinery. Working closely with the bank has also brought him added business, including selling Mr. Thompson, of the bank, and his son, Donald, a complete line of machinery."

# A. G. Brown Gets 4-H Citation

RECOGNITION of the constructive work being done by thousands of country banks, in all sections of the United States, in support of the program of 4-H Clubs was given at the National 4-H Club Camp in Washington, D. C., through an award to A. G. Brown, deputy manager of the American Bankers Association and director of its Agricultural Commission.

H. W. Hochbaum, chief of the Division of Field Coordination, Extension Service, United States Department of Agriculture, in notifying Mr. Brown of the award said: "Each year the National 4-H Club Camp recognizes a number of persons who, over a period of years, have contributed to the development of the 4-H program. I have the pleasure to tell you that you are included in the group to be so honored at the 1949 National 4-H Club Camp to be held June 15 to 22 here in Washington, D. C.

"This recognition consists of a specially designed medallion and a citation. These recognitions have come to be known as the National 4-H Club Camp citations."

"I am happy to receive this award as a representative of our banks," Mr. Brown said. "The citation results from the fine work being done for farm youth by country banks. This year the Agricultural Commission of the American Bankers Association is receiving the cooperation of thousands of member banks in an intensive program of farm youth activities. We are also engaged in the writing of a manual on farm youth work for use in banks. The manual will be ready for publication this year."

Photograph showing presentation will be found on page 56.

Besides Mr. Brown, others receiving the national 4-H Camp citations included: Harvey S. Firestone, Jr., Firestone Tire and Rubber Co., Akron, Ohio; and Fowler McCormick, International Harvester Company, Chicago, Illinois.

# Comptroller Asked to Relax Forestry Loan Regulations

THE Comptroller of the Currency has been petitioned by the Florida Bankers Association to reexamine his regulations prohibiting national bank loans on timber lands and to amend his regulations permitting forestry loans by

(CONTINUED ON PAGE 56)



BOARD OF DIRECTORS—FIRST NATIONAL BANK Barberton—AKRON, OHIO—Cuyahoga Falls

# FIRST NATIONAL BANK OF AKRON ADOPTS CHRISTMAS CLUB PROGRAM

"As Bankers, we deal with the hopes and aspirations of human beings. When we help our Christmas Club members to plan their future, we perform a valuable service to them. Furthermore, Christmas Club members are customers whom we may serve, with many of our other services," writes E. S. Patterson, President of the First National Bank of Akron, Ohio.

Men of financial vision are quick to see the advantages of Christmas Club, not only as a teacher of thrift to millions of people, but also as a business builder for banks from coast to coast. In its first year of operation, the First National Bank of Akron, Ohio, built up a very substantial Christmas Club membership and is proud of the public relations job it is able to do through Christmas Club.

The increasing progress of the First National is a tribute to alert management and aggressive promotion.

Through weekly visits to a bank, thrift-conscious Christmas Club members become familiar with the bank's functions and they think of it as

their financial headquarters
—Banks that have Christmas
Club are Banks that grow.



# Christmas Club

a corporation . FOUNDED BY HERBERT F. RAWLL

341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS . BUILDS CHARACTER . BUILDS BUSINESS FOR BANKS

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national banks under these suggested conditions:

(1) Lands must be under forest fire protection in cooperation with the state or by the owner, meeting standards approved by the State Forest Service.

(2) A cruise must be made to determine the volume and value.

(3) The program of cutting may be done only upon permission of the bank under the direction of a competent forester.

(4) Then, a loan up to 50 percent of the appraised value will be permitted under Section 24 (of the Federal Reserve Act).

The association pointed out that 12 Florida counties already are under fire protection and that 18 others voted for protection in the last general election and will be under organized fire protection within two years provided sufficient money is supplied by the state.

# **New 4-H Foundation**

SIX banks took the lead in helping to found the new Hamilton County (Iowa) 4-H Club Foundation, Inc., and as active backers of the project pay annual dues of \$50 each. This is the first foundation of its kind in Iowa where businessmen, farm organizations, and farmers cooperate in a nonprofit corporation to advance the work of the 4-H Clubs. Membership is limited to 50 businessmen, firms, and individuals.

"The object of the foundation," said Charles E. Donhowe, county extension director, "is to support, promote, and assist in the education, training, development, achievement, and success of the 4-H Clubs in Hamilton County, Iowa. To do this job, the foundation named five men to act as officers and directors, two of whom represent the

banks. This group of men, together with representatives of the extension program, the fair board, and the Farm Bureau board will administer the program suggested to them by the 4-H leaders. The program is designed to achieve wider participation of rural youth."

S. R. Linn, cashier, Farmers State Bank, Stanhope, is vice-president of the foundation, and T. H. Lekwa, cashier, Williams Savings Bank, is secretary-treasurer. Other participating banks include Randall State Bank; Farmers Savings Bank, Stratford; First State Bank and Farmers National Bank, Webster City.

# Louisiana Bank Appoints Outside Man

D. Garvin has been named agricultural representative of the Commercial National Bank of Shreveport, Louisiana, and will devote his full time to serving and assisting the bank's customers and friends in all phases of farming, dairying, and livestock growing.

Mr. Garvin has spent almost his entire life, except when he was in the Army, on a farm. He became active in 4-H and FFA work following graduation from high school and won state and national honors in the field of dairy cattle judging. This activity won for him the highest honor offered in Texas for work of this nature—a trip to the

# Farmer Pictures Featured in Displays

national 4-H Club encampment.

SHOULD you walk into the lobby of the Farmers and Merchants National Bank of Nashville in Nashville, Illinois, and chances are you'll find a group of farmers clustered in front of a bulletin board. Their attention is fo-



A.B.A. Deputy Manager A. G. Brown, right, receives National 4-H Club Camp citation from Milburn L. Wilson, director of Extension Service. See story on page 54

cused on a collection of photographs showing local farmers.

"This bulletin board and window displays constitute our best and most economical advertising," declares Cashier Charles R. Huegely. "We try always to have different ideas for the window of the bank and the bulletin board. We feature local people and they really attract attention."

Typical of the displays was one arranged by Mr. Huegely after he had attended a Washington County Soil Conservation Service field day. He carried a 35 mm. camera loaded with color film and took action shots of each contestant in the contour plowing contest in addition to a contour furrow. He used the best of these pictures for a window display. His total cost for film and pictures was less than \$20.

He donated the slides to the local Farm Bureau unit and they have been shown them a number of times in conjunction with Soil Conservation Service meetings throughout Washington County.

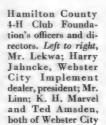
# **Bankers at Forestry Meet**

Edgar A. Sowar, executive vice-president of the Louisiana National Bank, Baton Rouge, represented the Louisiana Bankers Association at the "Keep Louisiana Green" organization's district conference in Hammond and pledged the association's whole-hearted cooperation. This agency was formed to educate Louisianans on the need for conserving state forests.

Other bankers taking an active part in this district meeting were J. F. Rutledge, president of the Bank of Commerce and Trust Company, St. Francisville, who served as temporary chairman, and Q. T. Hardtner, presi-

(CONTINUED ON PAGE 58)









# New "Acres of Diamonds" for Bankers and Farmers

No longer need small-acreage farmers and part-time farmers do their work the hard way. They can be *power farmers* now!

Yes, thanks to the new Farmall Cub tractor and its full line of matched, quick-change equipment, a million farms not yet mechanized can profit from the Farmall System . . . the efficient, money-making system that has helped a million Farmall owners become more important customers of their local banks and merchants.

The Farmall Cub is an all-purpose farm tractor, big enough to do the work of two or three horses or mules and to handle up of the Farmall Cub story for smallfarm and part-time farm mechanization that they arranged for IH dealer Center & Whitlock, Inc., to exhibit the tractor right in the bank lobby.

to twice their acreage on many farming operations. In minutes it changes from a plowing tractor to one for tillage, or cultivating, or having, or harvesting.

The International Harvester dealer who serves your community is selling and delivering a lot of Farmall Cubs now, not only to small-acreage and part-time farmers but also to vegetable growers and as an extra tractor for large farms. It will be worth your while to see him for the full story of what this new, small tractor is contributing to the prosperity of its owners and of your community.



This modern building symbolizes the expanded service facilities of IH dealers throughout America. 180 NORTH MICHIGAN AVENUE . CHICAGO 1, ILLINOIS

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dent of the Louisiana Forestry Association and chairman of the board of the Security National Bank, Alexandria.

Besides an outdoor barbecue, a forestry field demonstration and a logsawing contest rounded out the program.

# Ten Farm Management Meetings

Ten farm management meetings for bankers were held recently in various sections of Kentucky to bring to bankers the opportunity of becoming better acquainted with the problems of the farmer and a sound approach toward their solution.

Sponsor of the meetings was the agricultural committee of the Kentucky Bankers Association in cooperation with the University of Kentucky College of Agriculture and Home Economics and the Federal Reserve banks of Cleveland and St. Louis.

A prominent banker in each community served as chairman of the meeting. The program varied somewhat, depending upon local needs, and the Federal Reserve bank participating.

The Cleveland and St. Louis Federal Reserve banks were alternating hosts at dinner to those attending the conferences.

# Film Portrays 4-H Work

THE GREEN PROMISE is a 16 mm RKO production which brings the activities of the 4-H Clubs to the screen for the first time. Jeanne La Duke of Mt. Vernon, Indiana, who was selected from 12,000 4-H youngsters, made her screen debut in this movie, which also portrays the work of the Extension Service by featuring the screen version of a county agricultural agent.

Parents Magazine and the Southern California Motion Picture Council, consisting of some 700,000 club women, have given it special awards. A number of other groups have endorsed it.

The First National Bank and the Huntsville National Bank in Huntsville, Texas, according to Ned E. Depinet, president of RKO Radio Pictures, Inc., cooperated with the local Chamber of Commerce and other organizations in buying out the theater for the opening night of *The Green Promise's* showing and invited 4-H Club members and other farm youngsters as their guests.

Information about the film may be obtained from local RKO offices spotted around the country.

# Clarence M. Malone Honored

CLARENCE M. MALONE, vice-chairman of the board, Second National Bank of Houston and a native of central Texas, has been named Texas' No. 1 non-farming soil conservation supporter. His selection for this honor was made by The Scripps-Howard Newspapers of Texas—The Houston Press, The Fort Worth Press, and The El Paso Herald-Post—as a feature of their fourth annual "Save the Soil and Save Texas" \$13,000 awards program.

"For 43 years, Mr. Malone has spent much of his spare time, most of his business time, and much of his money and strength preaching that soil conservation not only is necessary—that it also pays big profits when properly applied," said *The Houston Press* in its announcement of the award.

"He says that even in 1906 (when he left Central Texas for Houston) he was worried about the way the rich loam of the cotton fields of Central Texas slipped off the hillsides and settled into the valleys."

Second National of Houston, according to Mr. Malone, now spends \$75,000 a year to sell farmers on the importance of soil conservation. O. Dooley Dawson, vice-president and manager of the agricultural department, had held about 200 soil conservation meetings in the past three years, attended by some 75,000 Texas farmers.

# Editor Helps Bank Plan Ads

NEWSPAPER and radio advertising is a major factor in attracting new business," declares John Carlander,

Norman S. Smith, treasurer, Claymont (Del.) Trust Company and president, Rural New Castle Bankers Association, left, congratulates the top FFA Soil Conservation contest winners



president of the State Bank of Faribault at Faribault, Minnesota. "However, it's my belief that the advertising message should not be stereotyped or commonplace. It must be tailored to meet the needs of each individual community."

For that reason, Mr. Carlander works closely with the advertising department of the local daily newspaper. Sometimes the advertising manager submits ideas which can be adapted to fit the bank's advertising program. A typical example was an advertisement in which Assistant Cashier Robert W. Beaupre was welcomed back to the bank after an absence of four years in the armed forces. Another advertisement listed a large number of persons in the Faribault area who had taken part in fundraising or Treasury bond sales.

"These advertisements prove to be very effective," Mr. Carlander declares. "They serve to make our bank seem more neighborly and friendly."

One of the most effective advertisements is a two-inch, two-column advertisement that appears every Wednesday night in the radio guide service of the Faribault *Daily News*.

# Delaware Revamping Program

The agricultural committee of the Delaware Bankers Association, chairmaned by Clarence P. Weber, who is manager of the Middletown Office of the Delaware Trust Company, has recommended that the association (1) adopt as part of its permanent program a continued public support of soil conservation and an aggressive reforestation program; and (2) that the agricultural committee be empowered to develop its program for all three counties.

"We feel that the most good can be done and a more effective program carried out if it be on a statewide basis," said the committee.

In its report of the activities of the three county associations, the committee reviewed the program of the Rural New Castle Bankers Association, comprising nine banks. It disclosed that in 1947 the association contributed \$1,200; in 1948, \$1,200; and 1949, \$900 for prizes for 4-H Club and FFA contests in soil conservation projects. In addition, it provided a little over \$300 to cover the printing of an illustrated annual report of the New Castle County Soil Conservation Committee. In 1947 a similar book attracted nationwide attention in farm youth circles.

-MARY B. LEACH



# Who Owns the Farm Mortgages?

EDGAR T. SAVIDGE, JR.

The author is secretary of the American Bankers Association's Agricultural Commission.

United States increased from \$4,682-million—the lowest point in 34 years—to an estimated \$5,108-million in the period January 1, 1946 to January 1, 1949, according to the Bureau of Agricultural Economics.

Several things attest to the soundness of the farm mortgage situation. For instance, the present farm mortgage debt is less than 8 percent of the value of farm real estate in the United States. In 1924 when the farm mortgage debt was the highest on record-\$10,786million-it represented more than 20 percent of the value of the farm land. With the reduction of farm commodity prices bringing less income to the farmer and his need for more machinery and equipment to cut his cost of production, it seems logical that farm mortgage loan outstandings would increase.

Where the debt is and who holds it is shown in the chart on the opposite page entitled, "Percentage Distribution of Total Farm Mortgage Debt by Types of Lenders—January 1, 1949." Insured

commercial banks hold approximately 16 percent of it, Federal Land Banks 17 percent, life insurance companies 21 percent, individuals and miscellaneous lenders 46 percent.

Banks make more farm mortgage loans than other lenders. (See table below.) In the last half of 1948 they made 30.5 percent of the loans—down from 35.5 percent in 1947. In 20 states the mortgage loan outstandings of banks are higher than for other lenders. This is accounted for in part by the fact that many mortgages are given to secure operating or short term funds which other lenders do not handle.

Loans held by insured commercial banks increased from \$793-million to \$848-million, or about 7 percent, during the year 1948. All of this increase was reached in the first half of the year as banks' outstandings dropped during the last half. The increase during the year was relatively small compared with the increases in both 1946 and 1947.

Along with the increase in the farm mortgage debt, there has been a substantial decline in the number of farm sales. Evidently a large volume of the debt incurred is for purposes other than transfer of property as the amount of new loans recorded dropped only 1

# CCC Rescinds Collateral Security Pledge

The ruling of the Commodity Credit Corporation requiring banks to pledge collateral security has been rescinded (refer page 64 June BANKING) and a blanket bond covering all lending agencies, with the CCC paying the premiums, is being negotiated.

premiums, is being negotiated.

This supplemental loan service agreement allows the banks to retain custody of all notes, warehouse receipts, and other loan documents and be paid a monthly fee for their services. As it stands now, banks must execute the Loan Servicing Agreement with the exception of Section 7.

Waiver of this provision, enables banks to render better service.

percent, as shown on the table. This table reveals that the new debt is being concentrated in the Federal Land banks, insurance companies, and miscellaneous lenders.

Since early in 1947 the farm mortgage recordings by all lenders moved downward until the last three months of 1948. For the year 1948, farm mortgage recordings totaled approximately \$1½-billion, which was about 1 percent less than the recordings during 1947.

# Farm Mortgage Loans Closed and Estimated Amount of Mortgages Recorded by Lenders in the U.S.

Comparison of the last half of 1948 and 1947

	Amount		Number			Average Size				Percent Distribution	
Lender	1947	1948	Percent	1947	1948	Percent	1947	1948	Percent	3	nount
			Change		1710	Change		1510	Change		1948
Berlin	(1,	,000 dollar	rs)								
Federal Land Bank System.	\$ 59,906	\$ 68,683	+15	13,502	15,242	+13	\$4,440	\$4,510	+ 2	9.6	11.0
Individuals	211,591	222,330	+ 5	59,909	59,033	- 1	3,530	3,770	+ 7	33.8	35.8
Commercial banks	222,416	189,344	-15	64,237	55,609	-13	3,460	3,400	- 2	35.5	30.5
Insurance companies	95,386	102,035	+ 7	11,727	11,770	a	8,130	8,670	+ 7	15.2	16.4
Miscellaneous b	36,773	39,324	+ 7	8,783	9,075	+ 3	4,190	4,330	+ 3	5.9	6.3
All lenders	\$626,072	\$621,716	- 1	158,158	150,729	- 5	3,960	4,120	+ 4	100.0	100.0

a Less than 0.5 percent

Source: Farm Mortgages Recorded Fourth Quarter, 1948, Farm Credit Administration, USDA

<sup>&</sup>lt;sup>b</sup> Includes Farmers Home Administration, mortgage companies, state and county agencies, and other miscellaneous lending organizations.

During the last half of 1948 the amount of recordings made by commercial banks totaled \$189-million, which is a 15 percent drop for the corresponding period in 1947. Commerical banks are the only lenders that reflect a decrease in recordings, as all others were on the increase.

Likewise, the number of farm mortgage recordings of commercial banks decreased 13 percent for the last half of 1948 as compared with the same period in 1947. At the same time, the record-

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ings of the Federal Land Bank System All other lenders show an increase. increased 13 percent. For all lenders, there is a decrease in recordings of 5 percent.

The average size of loans for the various lenders is also shown in the table. It is interesting to note that the average size of farm mortgage loans recorded by commercial banks-\$3,400 is smaller than for any other lender. This is a decrease of 2 percent in the average size for the last half of 1948 as compared with the last half of 1947.

The farm mortgage recordings of commercial banks have shown consistent declines for almost two years. This substantiates the fact that the banks have been screening their loans during the period of inflated farm prices. Further, they have been following the A.B.A. anti-inflation position which emphasized that all loans, including farm mortgage loans should meet the test of being for production purposes.

### PERCENTAGE DISTRIBUTION OF TOTAL FARM MORTGAGE DEBT BY TYPES OF LENDERS, JANUARY I, 1949 TOTAL AMOUNT PERCENTAGE STATE 10 20 30 80 OF DOLLARS 90 MONTANA \$45,676 NEW MEXICO 49.018 NORTH DAKOTA 67,367 COLORADO 86,775 68.074 SOUTH DAKOTA 67,847 MASSACHUSETTS 32,086 NEBRASKA 139.870 WYOMING 32.391 ARIZONA 33,128 OKLAHOM/ 117.806 TEXAS 349.283 OREGON 92,497 CONNECTICUT KANSAS 146,993 MISSISSIPP 112,396 SOUTH CAROLINA 49 029 ARKANSAS 86,102 NEVADA FLORIDA 57,925 10W 383 949 MINNESOTA 237,572 NEW HAMPSHIRE 11,409 NEW JERSEY 48 275 ILLINOIS 217.156 LOUISIANA 64.282 WASHINGTON 86.201 ALABAMA 79.651 GEORGIA MISSOURI 204.877 WISCONSIN 260,327 MAINE 19.364 NEW YORK 160,368 CALIFORNIA 396.350 MICHIGAN 175.418 ORTH CAROLINA 96.252 UTAH 34.593 INDIANA 183,439 MARYLAND & D.C. 50.449 RHODE ISLAND 3,759 VIRGINIA 87.265 PENNSYLVANIA 129.758 TENNESSEE 82,576 VERMONT OHIO 175,333 WEST VIRGINIA 22,585 KENTUCKY 91,923 DELAWARE 10,351 UNITED STATES \$5,108,183 FEDERAL LAND BANKS AND LIFE INSURANCE

SOURCE: Compiled by the Agricultural Commission, ABA from FDIC and BAE data

# The Investment Market Governments—Other Securities

# Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

May 13 the Treasury Department announced its decision to make no change in previous refinancing policies. It offered holders of the 1½ percent certificates maturing June 1 and of the 2 percent bonds called for payment June 15 the right to exchange their holdings for a new one-year 1¼ percent certificate. This came as some surprise, as within the previous week financial reporters from Washington had rather emphatically talked of a 1½ percent note running for five years or thereabouts.

Almost immediately there were comments to the effect that disappointment over terms of the offering would result in a larger than usual turn-in for cash, that the retention of the low rate one-year maturity would result in such new demand for the longer issues as to raise prices, and that, as a consequence, offering of "F" and "G" bonds would be required or even that the now nearly defunct idea of eligibility for ineligible issues would be resurrected. Nothing of the kind occurred.

First, the actual roll-over was rather better than usual. All but \$195-million of the \$4,301-million maturing  $1\frac{1}{8}$  percent certificates were exchanged and only \$101-million of the \$1,014-million called 2 percent bonds were not entered for exchange.

Second, the market for Government securities remained steady with prices showing almost no change for the balance of the month, even actually tending to drift just a little lower as the month ended. The eligible  $2\frac{1}{4}$ 's of 1959/56 managed to gain  $\frac{9}{32}$ , just reaching their previous high, and then backed away slightly, while the ineligible  $2\frac{1}{4}$ 's of 1962/59 improved  $\frac{4}{32}$ . The shorter maturities turned firm, with the 2's of 1954/52 up  $\frac{1}{8}$  of a point. All other issues beyond five years lost a thirty-second or two, with the Victory  $2\frac{1}{2}$ 's down  $\frac{3}{2}$  as insurance companies were reported to be sellers.

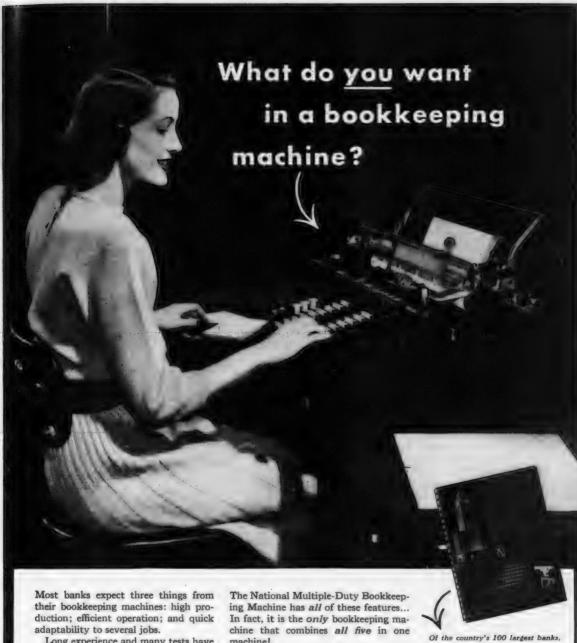
Third, as this is written the likelihood of any offering of "F" and "G" Savings Bonds seems very doubtful, while the action of the market makes an increase in the supply of eligible issues both unnecessary and uncalled for, for the present at least. The thought had been expressed that the "F" and "G" bond sales between April 1 and July 18 will be counted in the total. From April 1 to May 25 sales of "E" bonds at issue price amounted to \$837million, which means maturity value of over \$1,100-million. There is no question but that the original sales goal of \$1,040-million will be greatly exceeded. Last year sales of "E" bonds at issue price were \$625-million during April and May and \$720-million for June and July. As the drive got under way with full publicity only in mid-May, the June and July totals for this year may well show a substantial increase over last year's results and the finally announced total may be surprisingly high. The real effectiveness of the sales effort, however, can be gauged only by a comparison of total sales for the full period this year with those for the same period last year and with redemptions during the periods. Anyhow there is nothing in these figures to justify an offering of "F" and "G" bonds at this time.

# **Availability of Bank Eligibles**

There remain two other possible reasons for additional sales of the "F" and "G's." One, as a form of deficit financing, and two, as a means of increasing the supply of bank eligible issues. The first can be dismissed as unnecessarily costly when the alternative of weekly increases in the amount of Treasury bills is both cheaper and more readily reversible, and when either permanent deficit financing policies become necessary or the budget figures show improvement.

As for the presumed need for an additional supply of commercial bank eligible issues as a means of preventing an undue rise in the price of those already outstanding, the action of the market itself and the remaining supply in the Federal Reserve pretty clearly indicate no immediate need for an increase. True, additional buying power will be available to commercial banks when reserve requirements are either reduced by the Federal Reserve Board prior to June 30, or automatically are lowered on that date, but the amount to be released will be only about \$800million as compared with the \$1,200million resulting from the prior reduction. True also, that the Federal Reserve portfolio declined \$1,078-million in the two weeks ending May 11, so the \$1,200-million then available to commercial banks was put to work, but the decline consisted of \$774-million of the one-year or less category and but \$304million of the two-year or over maturi-

(CONTINUED ON PAGE 64)



Long experience and many tests have proved that, to get these results in the highest degree, the operator must have a machine with five specific features:

- 1. Standard adding machine keyboard.
- 2. Standard typewriter keyboard.
- 3. Complete visibility of work.
- 4. Flexibility to change quickly from one kind of work to another.
- 5. Automatic operations that save time, prevent errors.

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With this machine you can, in a matter of seconds, change from one posting job to another-commercial ledgers, loans and discounts, mortgages, trust accounting, payroll, daily statements, general ledger-jobs you never before felt you could profitably mechanize.

Ask your local National representative to show you how your bank can get the maximum of high production, efficient operation, and general usefulness from this machine.

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### (CONTINUED FROM PAGE 62)

ties. Moreover, the market showed no undue rise whatever. It would appear from the record that banking habits are still conservative from a maturity standpoint.

Now let's see what the Federal Reserve still has. The latest figures are as of March 31 and there probably has been some decline, since as between December 31, 1948, and March 31, 1949, bank eligible issues dropped about \$630-million.

Anyhow, on March 31 this was the list of issues held with call dates of two years or more:

years of more:		
Callable in 1951	Amount	Held
* 23/4s June	\$ 92-mi	llion
* 3 s Sept.	64	6.6
2 s Sept.	776	66
2 s Dec.	11	66
Callable in 1952		
* 21/4s Dec.	43	66
2½s March	95	6.6
2 s June	495	6.6
21/4s June	128	6.6
2 s Dec.	411	66
Callable in 1954		
* 21/4s	3	46
Callable in 1955		
* 27/8s	159	66
Callable in 1956		
* 23/4s	42	6.6
$2\frac{1}{2}$ s	80	66
$2\frac{1}{4}$ s	204	6.6
Callable in 1958		
* 23/4s	2	66

Callable in 1960	Amount	Helo
* 23/4s	\$ 12-mi	llion
Callable in 1967		
$2\frac{1}{2}$ s	287	66

\*Indicates partially tax free issues

These total \$2,904-million, of which \$2,118-million are callable in 1951-'54 inclusive and \$786-million callable in 1955 and thereafter. Even allowing for further sales of these issues since March 31 there would still seem to be enough of those issues which banks seem to prefer easily to care for a further investment of some \$800-million whenever that sum is available.

# Reserve's Government Holdings

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During May the Federal portfolio declined \$1,441-million and is now nearly \$3.5-billion below the amount held just before election last November The change, however, was of a somewhat different character than in previous months, in that the one-year or less category declined \$670-million, reversing the earlier tendency. However, the over five-year bonds declined \$488million and are now \$2,877-million below the \$91/4-billion held at the peak of such holdings last November. This will be pleasing to those who have felt disturbed because of large Federal holdings of longer bonds.

# Other Securities

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

The slump in the equity markets continues as this is written. It is now blamed on the widespread adjustment in business, generally. Pessimism in many quarters is far greater than warranted by facts, but the dim view is aggravated by labor difficulties and their possible repercussions on the economy. If current labor disturbances do not last longer than, say, a month, economists calculate that 1949 volume as a whole may be somewhere between 10 and 15 percent below that of 1948.

The issue market is still relatively satisfactory. The chances are that municipals and state obligations will be offered in increasing volume as a result of expansion of the public works program and also in view of several more veterans' bonus programs.

Because of a slight downward trend in prices, the yield on tax exempt state and municipal bonds has been rising slowly. The average municipal bond yield is probably close to 2.35 percent for 2½s. At present, there is perhaps a total of more than \$150-million of tax-exempts unsold on dealers' shelves, and some new sizable flotations are on the planning boards. However, they might not be underwritten and marketed until the backlog is worked off into investment channels, or at least a good part of it.

Expectation in informed quarters is that prices of municipal and state obligations may soon reverse themselves and increase slightly. This is based on the thought that corporate bonds have recently become firmer and that, therefore, municipals will follow suit.

The reasoning may or may not be correct, but corporate obligations have risen partly because, certainly, there was considerable demand for them, and it is questionable whether a similar urge to buy municipals will arise. There is also the problem of spread between Governments, municipals and corporates so far as yield is concerned.

At this time it looks as though there may be slightly more room for medium and lower grade corporate obligations to rise than for municipal bonds. The yields on the longest term  $2\frac{1}{2}$  percent Governments is now about 2.4 percent,



against 3 percent for corporates. This is a fairly normal spread because of the different risks involved, and only little movements one way or the other, therefore, may be anticipated.

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As a sidelight to the state of the municipal bond market may be cited the S15-million issue offered June 14 by the university system of Texas, an agency of the state. The bonds will be free from Federal income taxes, at least under current laws, and the market will consider them equal to a tax-free United States Government obligation.

Texas not only obligates itself to keep investment in Governments sufficient to meet the maximum debt service requirements of its own bonds from the interest paid on those Governments. but the state has pledged for payment of principal and interest on the \$15million the entire interest of the university system in its permanent fund.

Corporate earnings in the first quarter have been much more encouraging than the actions of the stock markets. A compilation of the net income of 444 companies having common stocks listed on the New York Stock Exchange shows a composite increase of 10.1 percent, compared with the first three months of 1948. Out of the 444, there were 407 concerns reporting profits, but only 223 which showed an improvement.

The largest increase was registered by 32 steel, iron and coke manufacturers, whose net profit was up 65.5 percent. The second largest gain was shown by 18 companies in the "financial" group, which reported a 45.7 percent advance over the first quarter of last year. Automotive concerns, numbering 35, had a rise of 31.4 percent, 41 chemicals had an aggregate gain of 18.4 percent, followed by 27 utilities with an increase of 10.1 percent. All other advances by groups were less than 10 per-

Reductions were shown by eight industrial classifications. The steepest decline was registered by 16 retail merchandising houses with 39.3 percent. followed by 16 textiles, which were off 26.8 percent. Other discouraging figures were 53 machinery and metals. minus 18.1 percent; paper and publishing, minus 17.9 percent; and oil companies, whose net incomes was 13.3 percent lower than in the first quarter of 1948. The remaining groups, including railroads, were less than 10 percent under 1948.

THE conclusion is that the producers and sellers of soft goods were the first to feel the business readjustment, although since that time it has caught up with other lines including capital goods, but some of the advances made in the first three and four months are. no doubt, an excellent cushion against possible declines later this year.

Wholesale commodity prices, which have been dropping gradually are now, as this is written, for the first time in the postwar period more than 5 percent lower than in the corresponding period 12 months previously. Building materials have registered the greatest drop, although public construction in May, for example, was 31 percent above May 1948, and has been increasing since that time, supporting employment in those

Chances for a new bumper crop are still excellent. Department of Agriculture estimates are that wheat stocks



"This must be the socks and blondes department"

will reach a record high this summer. Official predictions are for a 1.337 billion bushel wheat crop which, coupled with an anticipated heavy carryover from 1948, are believed to make farming restrictions of some kind next year almost inevitable. If the weather does not develop unfavorably, this year's United States harvest may be the second largest on record, but the carryover may put total supplies at a new high.

Softness in prices of commodities is much more understandable than in that of equity securities, which have been weak and listless even before the recession set in. In order to generate new interest, many investment firms have now engaged in a bold new program to go out and market securities along the lines of department store merchandising. Success or failure may have an important bearing on the future of American investment markets.

### For War Veterans

At a recent meeting of the A.B.A. Committee on Service to War Veterans the GI lending program and current legislative proposals were reviewed.

Left to right: W. T. Robinson, president, Citizens State Bank, Donnellson, Iowa; C. A. Gunderson, secretary, A.B.A. Credit Policy Commission; Walter W. Schroeder, vice-president, National Bank of Commerce, New Orleans; G. B. Ward, Committee staff; William Powers, A.B.A. deputy manager and Committee secretary; Robert C. Downie, president, Peoples First National Bank & Trust Co., Pittsburgh, Committee chairman; Earl Schwulst, executive vice-president, Bowery Savings Bank, New York; John Mack, Jr., A.B.A. deputy manager in charge of public relations and advertising; A. G. Brown, A.B.A. deputy manager in charge of Agricultural Commission; H. L. Burdick, cashier, Central National Bank, Columbus, Nebraska; and B. Magruder Wingfield, vice-president, National Bank of Commerce, Houston



# Controls End-No Credit Spree In Sight

This selection of news and opinion was compiled by Theodore Fischer of Banking's editorial staff.

Will the demise of Regulation W lead to a credit spree? Certainly not, according to the Consumer Credit Committee of the American Bankers Association, which is conducting a survey to find out what the banks are doing with their new-found credit freedom. Many are tightening up. Some are maintaining the status quo while watching developments.

The Committee has no intention of suggesting any maximum terms or minimum down-payments. Experience under the regulation showed that maximum terms soon come to be regarded as fixed and immovable terms. That was one of the principal things the banks disliked about the controls. The Committee will, however, consolidate its findings to show an "average" of the terms now in force.

Preliminary returns in the survey indicate that there's nothing remotely like a credit binge coming—at least where the banks are concerned.

The latest "relaxations" of Regulation W left the figures for household appliances, radios, and television at 10 percent down and 24 months to pay. With the restrictions removed, let's see what the banks are doing.

### **Credit Less Liberal**

Many are asking either 15 percent or 20 percent down on appliances, with instalment periods ranging from 12 to 24 months. That is assuredly no runaway liberalization; nor is it yet a too drastic tightening.

On television the banks have become a little tougher. It should be borne in mind that television is a fast-growing industry which is still a very new one, with the attendant uncertainties of new products which are subject to rapid technical advancements. Here, the down-payments range from 10 percent to 25 percent, with from 12 to 24 months to pay—and in most cases the down-payment must include installation charges.

Regulation W allowed not less than a one-third down-payment on automobiles, with not more than 24 months to pay. On new cars, many of the banks indicate they're keeping pretty much to those figures. There is, however, a noticeable tightening up on the older models of used cars, where the obsolescence date is dangerously near. One bank is holding the line at 50 percent down with eight months to pay. Another bank maintains a 50 percent down-payment requirement, but allows 12 months for repayment. A number of banks are asking 40 percent

down, with either 12 or 15 months as the instalment period.

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### Individual Consideration

These figures are, of course, merely for guidance. With restrictions removed, each application for a loan may now receive individual consideration on its actual merits. There will not be, as was said of Regulation W, any "lumping together of all borrowers, all loans, and all lenders on the same rigid platform, regardless of the merits and conditions of every individual situation."

Regulation W was put into effect to keep lenders from making credit too easy. The Regulation now vanishes and the banks begin a moderate tightening up.

It seems doubtful that consumer credit statistics could soar to new heights just because the controls have been removed. If the loan curve rises, it will be because business has gotten a spurt. The credit volume will naturally mirror business conditions.

# A Long Time

Except for one period of less than a year, credit control has been with us since September 1, 1941. On August 9 of that year, the President issued Executive Order No. 8843 directing the Board of Governors of the Federal Reserve System to prepare regulations to control instalment credit. The Board issued Regulation W on August 21, 1941, to take effect on September 1.

When the first Regulation W expired on November 1, 1947, the banks, through the American Bankers Association, rallied to insure sound lending. The Consumer Credit Committee of the A.B.A. urged moderation. A.B.A. officers teamed up with nationally known bankers, supervisory officials, and Government men and embarked on a cross-continent tour to urge that banks deny all applications for loans which could be construed as inflationary, and to grant all loans that would add to production.

The banks and the Association received much commendation for this anti-inflationary crusade. But the urge to control was not dead. On September 20, 1948, Regulation W was reinstated, to expire June 30, 1949.



Little fault ever was voiced over the actual terms laid down by the regulation. Those terms were not picked out of a hat. The entire regulation was drawn with the help of leaders in the field of instalment credit. One, Kenton R. Cravens, now vice-president of the Mercantile-Commerce Bank and Trust Company in St. Louis, was on leave of absence as vice-president of The Cleveland Trust Company to give active full-time assistance to the Federal Reserve Board.

# Stated Terms Seem Fixed

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For the most part, lenders felt that the terms represented reasonable and sound banking practice. Then it became evident that the maximum terms were, in effect, becoming almost irreducible minimums. The terms made public by the Federal Reserve Board had the air of Government blessing, and the public was inclined to think of them as fixed and absolute. It became difficult for lenders to tighten up where they felt the individual situation required it.

While the A.B.A. has stood steadfastly against the idea of Government control over credit, it always worked for full cooperation with the Federal Reserve Board and strict-adherence to the spirit, as well as to the letter, of the regulation.

The A.B.A. and other representatives of consumer credit lenders have maintained that the warborn situation which led to control no longer exists. Congress, too, quite evidently felt more concerned over deflation than with inflationary forces that were passing into history. Regulation W died.

All that is now past. What about the future?

The position of the banks is simply that sound lending remains sound lending, whether or not there are any controls. And sound credit is the hallmark of the sound bank.

# In Good Keeping

In other words, the credit of the country will be in good keeping in the hands of the banks. Their existence depends upon sound economic practice. There has been an increasing awareness in the banking fraternity that a bank can prosper only so long as its community prospers—and banking policy is being dictated in the light of that realization.

Credit practices which are bad for the people, the community, or the nation are just as bad for the individual bank. Of this the individual bank is properly aware.



"I don't care if they did reduce our mortgage interest rate 1% . . . the neighbors are kicking."

# CONSUMER CREDIT NEWS

### For the Soul

People are prone to purchase things they want, even at the expense of something they really need. In periods of economic stress, people still buy diamonds, patronize exclusive furriers, and stand in line for tickets to hit shows. They buy, as someone once said, "hyacinths for their souls." And this posy for the spirit often is purchased by doing without steak for Sunday.

Perhaps that explains the climb, in television sales and the slump in the refrigerator market. Manufacturers of mechanical refrigerators are experiencing a sales decline much greater than was anticipated even by the most pessimistic. Could it be that folks are doing without new refrigerators in order to get television sets?

### **Better Than Riches**

Many banks have found that unsecured loans are less subject to delinquencies and defaults than are loans with collateral.

Where a borrower has pledged his washing machine as collateral, he is apt to let the bank take it if he falls on hard times. But many a man who has pledged only his name, will fight to keep that name unblemished even if it is a real hardship for him to make his regular payments.

# **Used Cars**

Used car inventories continue to mount. This was pointed out in these columns in the past, before the trend had accelerated to its present rate.

Publishers of the "guide books,"

which are designed to give dealers the going prices on different models of used cars, say that prices are falling faster than new lists can be printed.

Prices on the same model of used car vary widely in different spots around the country, as might be expected. But the trend in price is down—much down.

The plunge in prices might well represent only a decline from record levels, but this is not too great a comfort to dealers trying to stay away from big inventory losses.

A 10 percent drop in prices "across the board" is the amount commonly reported for the month of May alone.

The Federal Reserve Bank of Cleveland notes that while prices are dropping, volume of sales remains high higher, in fact, than a year ago.

The trade letter, Automotive Digest, thinks that current readjustments in the used car business might drastically reduce the number of dealers.

The Digest quotes a survey of Detroit dealers, showing that proper buying, adequate reconditioning, and aggressive selling are the keys to successful operation. The most successful dealer studied spent 75 percent of his sales dollar for cars, 8 percent for reconditioning, and 10 percent for operating expenses, leaving 7 percent profit. Others who spent less for reconditioning and operating expenses, netted only 2 percent profit.

. It would seem, from this survey at least, that the soundest dealers are the ones who aren't afraid to spend enough to make the used car a "good buy." The ones who cut the corners were the ones who made the tiny profit, and who probably wouldn't get much repeat business.

# BANK LAW NEWS

Title to Account—Endorsements—FRB Saturday Closing

### TITLE TO ACCOUNT

Court explains some elementary rules governing intervivos gifts and "Totten trusts."

In 1897 a savings account was opened in a New York bank in the names of "Mary Lyons and Sister Ann." Ann never signed the signature card and died in 1898. Mary died of "starvation, exhaustion and gangrene of the leg" in 1899. Then for some unexplained reason the account lay dormant until 1947, when Mary's niece claimed it as administratrix of her estate.

The passbook to the account was in the bank's possession. How and why it got there was also unexplained. All the bank knew was that it had been there in 1902

Pinned to the last page of the passbook was a note in Mary's handwriting: I will and bequeath to the Convent of Mercy what is left of the money thats in this book to be given by them to the sick poor they attend in nourishment the Lord says What We give to them he takes as Done to himself this is the wish of Mary and Ann Lyons. It was not known when the note was written, although its mention of "Ann" might indicate that it was written prior to her death.

The account had been opened with a \$1,000 deposit. Prior to Ann's death, in 1898, \$200 was withdrawn. This was the first and only withdrawal from the account, which had grown to more than \$4,500 by 1947.

The bank questioned whether title to the account had passed to the Convent of Mercy during Mary's lifetime, either by means of an *intervivos* gift or a "Totten trust," and refused to hand over the money until a court had answered its question.

New York's Supreme Court answered in the negative and held that the money should go to the niece.

The essential elements of an *inter* vivos gift of a bank account are an intent on the part of the donor to divest himself of possession of and dominion over the account, and a delivery of the

account in keeping with that intention, said the court. The fact that the language of the note was "strongly testamentary in character," plus Mary's stated intent to give only "whats left of the money" were said to indicate not an intent to make a present gift, but rather a gift after death-which can be made only by a formal will. The court further pointed out that if the note were written prior to Ann's death, then the withdrawal was made after the note was written, and indicated that Mary continued to exercise dominion over the account. And again, since no one knew why or when the bank came to have the pass book, its possession established neither "donative intent" nor delivery of the account to the convent.

So far as a Totten trust is concerned, said the court, that arises only when an account stands in the name of a depositor "in trust for" another; this was simply a general account in the name of two persons. Phillipsen v. Emigrant Industrial Bank, 86 N.Y.S.2d 133. P.D., Deposits §§ 5D:1, 15:1.

# UNAUTHORIZED

Failure to report unauthorized endorsement prevents depositor from recovering from drawee bank.

After citing the "established rule" that a drawee bank which pays a check bearing an unauthorized endorsement cannot charge the amount of the check to the drawer's account, Maryland's highest court has outlined a situation which it does not consider covered by the rule.

Back in 1946, one Soble, a clothing merchant, and one Gilman, a broker, were "confederates in an unusual deal" with a hosiery company. Soble, having learned that Gilman "procured nylon hosiery from sources that were not revealed until it was delivered," made out to him two checks, for \$2,000 and \$3,000. Gilman cashed them and in re-

turn Soble received \$3,880 worth of hose from two manufacturers.

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When Gilman offered another supply of nylons for another \$5,000, Soble sent him a check for that amount, payable to "Nu-Art Hosiery Co., Leonard Gilman." It was thus endorsed by Gilman, cashed, and paid by Soble's bank.

Soble received the canceled check about August 1. But he received no stockings from Gilman. After more than two months were spent trying to obtain satisfaction from Gilman, Soble conferred with the president of Nu-Art and was told that Gilman had no authority to endorse checks. By then, it was definitely established that Gilman and the \$5,000 had disappeared. Soble thereupon complained that his bank had charged his account with a check bearing an unauthorized endorsement and demanded reimbursement.

The court then cited two more rules: First, that payment of a check bearing an unauthorized signature may be enforced against a party who is "precluded from setting up the want of authority"; second, that a depositor who fails, within a reasonable time, to notify his bank of an unauthorized endorsement of which he has knowledge, is such a party.

If Soble thought the endorsement unauthorized, said the court, he never preferred criminal charges against Gilman.

Instead, he spent three months trying, first, to get Gilman to deliver the hosiery, then asking him to return the money, then trying to recover from the hosiery company, and only when that failed, notifying the bank and seeking to recover from it. His conduct, "especially after the check was cashed and returned," was held to preclude him from setting up Gilman's want of authority to endorse.

Part of the decision is confusing. The court stated that it is a depositor's duty to examine his canceled checks and report to the bank "any forgery or unauthorized endorsement that he may

discover," and that Soble was precluded from recovering because of his delay in notifying the bank after he "received the canceled check from the bank." Whether the court meant to imply that a depositor must examine canceled checks for unauthorized endorsements is not clear.

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The general rule has always been, of course, that he must examine for forgeries of his own signature, not for forged or unauthorized endorsements. If and when the latter come to his attention, he must report them within a reasonable time, but it is difficult to see how he might be expected to discover them from an examination of his vouchers. In the ordinary case, it is not the canceled check, but later eventsas in this case the failure of delivery and the conference with the president of the hosiery company—which bring them to light. Union Trust Co. v. Soble, 64 A.2d 744. P.D., Indorser and Indorsement §§10A:4, 10C; Forged Paper §§8:6, 8:7.

## **DORMANT ACCOUNTS**

Court presumes missing certified check never delivered; amount of check, held by bank since 1905, belongs to drawer.

Under the provisions of California's Abandoned Property Act, the holder of a bank deposit unclaimed for more than 20 years is required to report it and then deliver it to the state, subject to recovery by the rightful owner within a limited period of years.

Thus, in 1946, a California bank reported the existence of a \$6,600 fund which it had held earmarked for payment of a check which it had certified in 1905 and which had never been cashed.

The whereabouts of the check was unknown, as were the names of the payee of the check and the person who had caused it to be certified. But when the state published notice of the existence of the fund, plaintiff came forward to claim that she was its rightful owner, as successor to the company which had drawn the check. The state contested her claim.

California's supreme court held for the plaintiff, for the following reasons: Certification of a check constitutes an acceptance, the effect of which is to impose a primary liability on the bank to pay the amount of the check on demand to the payee or other holder. It also "transfers the drawer's claim against the bank to the payee or holder." (In other words, the amount of the check is deducted from the depositor's account and set aside to pay the check.) If the payee has the check certified, this transfer occurs at the time of certification; if the drawer has it certified, the transfer occurs when the check is delivered to the payee. In the latter case then, the drawer may, at any time before delivery, have the check canceled and his account recredited with the amount of the check. And plaintiff, as successor to the drawer of the check in question, would be entitled to cancel it, if it had never been delivered.

There was no evidence concerning delivery. The state relied on §16 of the Negotiable Instruments Act: "... where the instrument is no longer in the possession of the party whose signature appears thereon, a valid and intentional delivery by him is presumed until the contrary is proved." The court decided, however that this provision applies only in favor of a party who has possession of an instrument.

The court then went off on the opposite tack. "Checks that are delivered are customarily presented for payment," it said, and inasmuch as "the check in this case was never presented for payment, it is more probable than not that it was never delivered." Judgment was accordingly entered for plaintiff. Umbsen v. Crocker First Nat. Bank of San Francisco, 203 P.2d 752. P.D., Certification §§1:2, 10, 17; Deposits

The following is reproduced from a circular issued by the Federal Reserve Bank of New York:

# SCHEDULE OF FEDERAL

# RESERVE BANKS AND BRANCHES CLOSED ON SATURDAY\*

District	Head Office	Branch
1	Boston <sup>1</sup> .	
2	New York <sup>1</sup>	Buffalo1
3	Philadelphia <sup>1</sup>	
4	Cleveland	Cincinnati Pittsburgh
5		Baltimore <sup>1</sup>
6	Atlanta	New Orleans
7		Detroit
8	St. Louis	Louisville <sup>3</sup>
10		Denver
12		Seattle <sup>1</sup>

<sup>&</sup>lt;sup>1</sup> Pursuant to our time schedules, no Saturday on which the Federal Reserve bank or branch is closed will constitute a business day in determining the time when credit will be given for deferred-credit items drawn on or payable at banks located in the area served by that Federal Reserve bank or branch.

2 Except when immediately preceded by a holiday; or when the following Monday

is a holiday and local clearing house banks are open.

<sup>3</sup> Except in weeks when another holiday is observed.

\* The Federal Reserve Bank of Minneapolis has advised us that, under a recently enacted law, nearly all banks in Minneapolis has advised us that, under a recently enacted law, nearly all banks in Minneapolis, St. Paul and Duluth were closed on Saturdays beginning April 30, 1949, and presumably will be closed on Saturdays hereafter. The head office of the Federal Reserve Bank of Minneapolis will remain open on Saturdays for the conduct of essential banking functions (although its public entrance will be closed), except that cash items drawn on banks in the cities of Minneapolis and St. Paul will not be collected on Saturdays.

The availability of credit for deferred-credit items, as provided in our time schedules, is not affected by the foregoing advice.

# Enjoy these advantages...

Simplified Transit Operation. An adding or proof machine tape serves as your transit letter.

You simply list check amounts—that's all. No description of individual items is necessary... because your Recordak Microfilmer gives you a photographically accurate and complete record of all checks forwarded. As a result, at least half the time now needed for transit work can be saved. And there's this advantage, too: Should items be lost in transit, Recordak will produce facsimiles from your records free of charge.

Simplified Bookkeeping Operation. There's only one record to post... there's only one posting a day. You post only to a statement... which is microfilmed at the end of the month and forwarded to the customer along with his cancelled checks. The film record then serves as the bank's ledger. This unique system reduces machine requirements... enables bookkeepers to handle many more accounts... gives you important savings in stationery, too.

Greater protection. You, your employees, and your depositors are protected as never before. You have a photographically accurate and complete record of every check handled . . . of every statement sent to depositors. A record . . . that can't be tampered with or altered without detection . . . that substantiates employee-integrity . . . that supports depositors' claims should they lose original items.

All of these advantages—and more—are yours with a Recordak Microfilmer.

Yours...at minimum operating cost, too, for you can choose from a complete line of Recordak Microfilmers...install the unit best suited to your requirements—large, small or intermediate.

Furthermore, you can obtain your Recordak Microfilmer at an economical monthly rental charge that includes service and parts-replacement.

For a quick appraisal of the versatility offered by
the Recordak line, check the specifications on the
next page. But for the complete story—call in a
bank-trained Recordak representative—soon! He'll
review your requirements . . . give you full details
on the way Recordak microfilming is reducing operating costs in thousands of leading banks. Recordak

ng costs in thousands of leading banks. Recordak
Corporation (Subsidiary of Eastman Kodak Co.),
350 Madison Ave., New York 17, N. Y.

"Recordak" is a trade-mark

### with the Recordak Microfilmer designed for your bank

The Recordak Duplex Microfilmer...the fastest, most economical machine for large-volume operations. It records the fronts and backs of checks simultaneously . . . side by side on the film. In addition, it automatically face-stamps checks . . . and endorses or cancels them with the Recordak Endorser.\* It also accommodates two additional film units for all-purpose use-one records the fronts of documents on half the width of the film; the other provides full-width records.\*

> The Recordak Triplex Microfilmer...the new all-purpose machine for banks. It provides maximum film economy . . . records the fronts . . . or the fronts and backs of documents on half the width of the film . . . down one side, up the other. It also accommodates a film unit which records the fronts . . . or the fronts and backs of documents on the full width of the film.\*

\*Auxiliary film units are available at low extra rental cost . . as is the Recordak Endorser . . . and the Recordak Automatic Feeder, which can be used with either of the above models.

The Recordak Commercial Microfilmer ... the popular standard machine ... recommended for medium-sized operations preferring larger size images. It records the fronts . . . or the fronts and backs of documents on the full filmwidth.

The Recordak Junior Microfilmer ... a combination microfilmer-reader designed for the community bank. It records the fronts . . . or the fronts and backs of documents on the full width of the film. The film-reading unit is an integral part of the machine-projects every detail sharp and clear.



originator of modern microfilming—and its application to banking systems

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## Although durable goods prices have risen 95% since 1938\*...



the price of Royal, the World's No.1 Typewriter, has risen only 24%



1938 \$115.50 list 1949 \$142.50 list

For better, faster, more efficient work—
Replace old typewriters

<u>now</u> with <u>new</u> Royals
...they're a bargain!

The RE

GRAY MAGIC ROYAL

Made By the World's Largest Manufacturer of Typewriters

\*Combined price index for metals, metal products, and building materials, U.S. Dept. of Labor.

#### World Business

(CONTINUED FROM PAGE 52)

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Against this background the Commerce Department seeks an *increase* of SI-billion a year in American investments abroad.

#### GOOD IDEA FROM BRAZIL

If we can believe the newspapers, Brazil's delegate at Lake Success unreservedly committed his government to duty-free imports of capital equipment for use in foreign enterprises, taxexemption of profits of such concerns and guaranties of transfers of earnings thereof. That is more like it, businessmen are commenting. It is something like what major business groups have been seeking for some time. The National Foreign Trade Council among others has suggested that the U.S. enter into bilateral pacts with underdeveloped countries for the better protection of new investments and like endeavors. But some Washington officials doubt the long-run efficacy of treaties to enforce good financial behavior. If a country should find a pact burdensome, a way out will be discovered. After all, even the U.S. abrogated the gold clause, not to mention treaties with the Indians.

#### ATLANTIC PACT

Of direct interest to international investors is the Atlantic Pact, according to Assistant Secretary of Commerce Thomas C. Blaisdell, Jr., who in an interview told BANKING:

"The international flow of investment funds can take place only in an atmosphere of friendliness and security. The Atlantic Pact can help establish this atmosphere since it recognizes the commonness of the interests of the Western European powers and the United States. The flight of capital from Europe is a well known phenomenon. The fundamental security which the Pact can help establish can be a real addition to the atmosphere in which investment flourishes."

#### ENTER MR. BLACK

In the World Bank the replacement of Mr. John McCloy by Mr. Eugene Black as president is watched by the executive directors and others for any signs of change of policy or methods. In this country Mr. Black has been universally hailed in financial circles as one who will inspire the maximum confidence of investors in the Bank's debentures. The Bank's American public relations are most important to its

money raising efforts. But the Bank also has public relations problems abroad, something on which the directors might be more active. It is frankly admitted that the topheavy and costly directorship—as distinct from the management—has not enough to do to keep it busy. Whether the "Ad Hoc" Committee, which was appointed last year, will come up with a solution this September no one knows.

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#### HOW EUROPE SEES ERP

This writer got an impression of how Europe views ERP talking with a financial official from one of the Continental countries recently.

"Few Europeans can understand ERP or other American financial help as an act of unselfishness," he said. "First, there is the suspicion with which any major program in international affairs is viewed. People ask themselves: 'What is the selfish motive?' They are sure that the motive is selfish. And their suspicion is confirmed when they read statements of Americans-albeit addressed to other Americans—saying that the ERP is a plainly selfish program. Secondly, it hurts European self-respect to be accepting gifts, however needed or wanted those gifts may be. There is room for a great educational job on the Continent, where America is not understood."

#### OTHER HIGHLIGHTS

Former Assistant Secretary of State William Benton proposes creation of an Anglo-American Council on Merchandising to stimulate British sales in the United States. . . In its trade negotiations with Saudi Arabia, Egypt is demanding payment of 25 percent in American dollars, now flowing plentifully into that desert country. . . . Japan's finance minister states that the problem there no longer is inflation, but deflation, believe it or not.



"Balance your check book for a quarter, Mom?"



Like an uncontrollable fire, a single uninsured embezzlement can materially reduce—or even completely wipe out—the security back of a commercial loan.

Annual embezzlement losses of close to \$500,000,000 definitely prove that employee dishonesty is just as real a hazard as fire...and almost as costly.

Moral for bankers: before granting loans to commercial or industrial organizations, be sure to check the adequacy of their dishonesty insurance. There may not be enough; or there may be none at all.

The F&D representative in your community will gladly assist you in reviewing the form and sufficiency of the dishonesty insurance carried by present or prospective borrowers. Remember: this added security costs you nothing. It may save you thousands.



AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE



#### Kansas Clinic

The Kansas Bankers Association, on June 8, 9, and 10, held its annual bank management clinic at the University of Kansas.

The clinic's program was especially designed for top management officers, but junior officers and directors were also invited.

The morning of the first day was devoted to agricultural lending, the afternoon to management aids. On the second day there were talks and a symposium in the morning on earnings improvement, followed by discussion sessions of the audience divided into groups according to size of bank. These size groups met again on the final day.

The purpose of dividing the audience into size groups according to the resources of the banks they represented was for study of the 1949 report of the KBA bank management commission. This report is based on the operating results of 497 of 610 Kansas banks. Each participating bank is assigned a code number within its size group, so that the individual banker can compare his operating results with those of similar institutions. Data shown for each bank include gross earnings, operating expenses, interest paid, salaries, net operating profits, service charges, bond income, etc.

In its introduction to the report, the commission, headed by Maurice L. Breidenthal, president, Security National Bank, Kansas City, says:

"Observing the passing show from the sidelines, it appears to be quite a juggling act, in which the banks of the country are sometimes tossed about like one of the balls in the hand of the juggler... But as always before, the bank management commission continues to advise Kansas bankers to go ahead and operate their banks on sound and proven policies and to ignore these temporary diversions."

#### Pacific Coast School

The Pacific Coast Banking School will be held at the University of Washington, Seattle, from August 22 to September 2. The school is sponsored by (CONTINUED ON PAGE 76)

#### NEW STATE ASSOCIATION PRESIDENTS









Left to right: WISCONSIN — George A. MacLachlan, president, National Bank of La Crosse; MINNESOTA — N. A. Welle, vice-president, First National Bank, Bemidji; MISSISSIPPI — P. C. Williams, president, Bank of Yazoo City; MISSOURI — Leslie K. Curry, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis









Lest to right: TENNESSEE — D. B. Harris, president, Hamilton National Bank, Chattanooga; WASHINGTON — Justin E. McWilliams, vice-president and cashier, The Old National Bank, Spokane; CALIFORNIA — Herbert V. Alward, vice-president and cashier, Bank of California, N. A., San Francisco; ILLINOIS — Philip L. Speidel, president, First National Bank, Lake Forest



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Left to right: GEORGIA—E. F. Vickers, president, The Citizens Bank and Trust Company, Bainbridge; MARYLAND—W. R. Huey, president, First National Bank, Chestertown; KANSAS—W. Dale Critser, vice-president, Fourth National Bank in Wichita; MASSA-CHUSETTS—Walter E. Godfrey, vice-president, Springfield National Bank, Springfield









Left to right: OREGON — William C. Christensen, president, Commercial National Bank, Hillsboro; SOUTH CAROLINA — Harry M. Arthur, president, Arthur State Bank, Union; OHIO — C. N. Sutton, executive vice-president, The Richland Trust Company, Mansfield; UTAH — Harmon B. Barton, vice-president, Commercial Security Bank, Ogden









Left to right: RHODE ISLAND—William A. Soban, vice-president, Union Trust Company, Providence; NEW HAMPSHIRE—George A. Trefethen, cashier, First National Bank, Portsmouth; ARKANSAS—W. C. Blewster, president, First National Bank, Magnolia (elected after completing term of predecessor); VIRGINIA—John S. Alfriend, president, National Bank of Commerce of Norfolk









Left to right: DELAWARE — Ira Lewis, cashier, Peoples National Bank of Laurel; MAINE — Arthur F. Maxwell, president, First National Bank, Biddeford; MICHIGAN — William W. Warmington, president, State Bank of Escanaba; NEW MEXICO — George M. Bloom, president, First National Bank, Santa Fe

#### (CONTINUED FROM PAGE 74)

the bankers associations of California, Idaho, Montana, Nevada, Oregon and Washington. It was organized in 1938. Its enrolment is limited to 200, for a course of study which extends over a 3-year period.

#### Carolina Conference

The 13th Carolinas Bankers Conference will begin its 5-day session on July 10 at Chapel Hill, North Carolina. Besides the general conference, there

will be a trust school and a course in credit specialization.

General conference subjects include: bank operations, speech, economics, credit, pension plans, parliamentary procedure, trends in banking and a lecture on the Federal budget. The trust school course covers administration, estate planning, operations, and investments. Those taking the credit specialization course will study mortgage, business, farm, and collateral loans, sources of credit information, instalment loans and the credit file.

The conference is sponsored by the North Carolina Bankers Association, the South Carolina Bankers Association, the North Carolina State Banking Department, the South Carolina Banking Department and the University of 'North Carolina, on the campus of which the sessions are held.

#### **Mexican Convention**

The 15th annual convention of the Mexican Bankers Association was held in Veracruz at the end of April, with some 200 delegates attending. There were 20 representatives of United States and foreign banks.

A feature of the convention was the presence of Mexican President Aleman, who was accompanied by several of his cabinet members.

The keynote address was given by Secretary of the Treasury Beteta, and a number of papers were read on policies and plans for the future. Carlos Novos, director general of the Banco de Mexico, made a plea to private bankers and investors for greater cooperation with the government in the country's development.

#### New York PR School

The campus of Syracuse University and July 25 to 29 are the place and time of the New York Bankers Association's 1949 Bankers School of Public Relations.

Bankers have registered not only from New York State but also from New Jersey, Connecticut and Canada. This is the school's second session on the campus.

#### Clinic in Nebraska

The 1949 Nebraska Bankers Clinic was held at Doane College June 9-11. Its eight sessions heard talks and discussions of such subjects as "Keeping Up with Youth," "Agricultural Price Trends," "Your Bank and Your Public," "An Audit Program for Every Bank," "Banking in Action at the Rail," and "Significant Current Economic Trends."

There were group discussions in which the audience was divided according to the size of the banks they represented, so that bankers with similar problems might have the benefit of each other's experience.

One afternoon was devoted to a soil conservation tour and field trip by all those attending the clinic.

Prompt, accurate, interested service in the collection of drafts and all other items is assured when they are routed to

### the FIFTH THIRD UNION TRUST co.

CINCINNATI, OHIO

Member Federal Reserve System

Member
Federal Deposit Insurance Corporation

### **BANKING NEWS**

### Supervisory Agency Merger Not Economy, Says Evans Woollen

### A.B.A.'s Position on Federal Reorganization Stated by President at Oregon Bankers Meet

Commenting on some recent criticism of the position taken by the American Bankers Association on the recommendations of the Hoover Commission for reorganization of the administrative agencies of the Government, Evans Woollen, Jr., president of the Association, asserted at the Oregon Bankers Association convention in Portland last month that the A.B.A. favors Government reorganization that makes for efficiency and economy for the taxpayers but does not favor a reorganization plan that would

centralize all the powers of the three Federal bank supervisory agencies in a single Federal authority as has been proposed by one of the Hoover Commission task forces.

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Mr. Woollen, who is chairman of the board of the Fletcher Trust Company in Indianapolis, Indiana, spoke on the subject, "The Role of Banking in our Present Situation."

#### Common Front

He stated that "Organized banking, like any other segment of the nation, feels an impelling duty under existing circumstances to make common front with the Government wherever possible. On the other hand," he added, "we could not do that unless while cooperating we exercised our privileges of questioning and criticism.

"An area of Government activity which affords us an opportunity to give suggestions to the Congress is the program of the Hoover Commission for reorganization of certain activities of the Government," he continued. "In order to carry out the Hoover Commission's ideas, the Government Reorganization Bill is pending before Congress. The House version of the bill provides for special treatment for one of the Federal agencies; namely, the Federal Reserve System. The Senate bill does not. These bills have passed the respective Houses of Congress and are now in conference. It is the opinion of our Association that all three of the Federal financial agencies—the Federal Reserve System, the Federal De-(CONTINUED ON PAGE 80)

#### National Bank Capital Account Assigned Half 1948 Net Earnings

#### Cash Dividends Show Increase Over 1947

The national banks of the United States retained more than one-half of their 1948 net earnings in their capital structure, after transferring a substantial amount to reserves for bad debts, the National Bank Division of the American Bankers Association reported in a letter to members from W. W. Campbell, president of the National Bank of Eastern Arkansas, Forrest City, Arkansas, who is president of the Division.

According to Mr. Campbell's report, capital accounts have thus been increased by 4.6 percent to an aggregate of \$5,671,000,000. Cash dividends paid amounted to 3.42 percent of total capital funds as compared with 3.39 percent in 1947.

#### Earnings Up 10.2%

"Total earnings from current operations increased 10.2 percent to \$1.9-billion," the letter states. "With one exception, the earnings from each type of operation were higher than in 1947. The one exception was the interest on United States Government obligations, which decreased 6.7 percent. The largest increases 26.1 percent, was shown in interest and discount on a volume of loans which expanded

### Graduate School of Banking's 15th Session at Rutgers University Has Record Enrolment

Forty-four states, the District of Columbia, and Cuba were represented in the record-breaking enrolment of 997 bankers who attended the 15th annual summer session of The Graduate School of Banking at Rutgers University, New Brunswick, N. J., June 20-July 2.

The School is sponsored by the American Bankers Association to provide an opportunity for advanced study to experienced bankers of officer rank.

This year's student body included 343 members of the graduating class, 309 students in the second-year class, and 345 in the first-year class. During the session, a faculty of 54,

with 12 special lecturers, covered all phases of banking, economics, law, government, and related subjects.

In addition to their regular classes, students attended two general sessions. The session on June 27 was addressed by Dr. T. V. Smith, professor of poetry, politics, and philosophy, Maxwell Graduate School of Citizenship and Public Affairs of Syracuse University. The June 24 session was addressed by Dr. W. Randolph Burgess, chairman of the executive committee, The National City Bank of New York, member of the President's Board of Economic Advisors, and a past A.B.A. president.

steadily throughout the year to \$23,818,513,000, the highest total ever recorded. In current operating expenses there was also an increase in all but one item—income taxes, which were 3.5 percent lower because of the larger transfers of earnings to debt reserves. The operating expenses totaled \$1,361,000,000, with the heaviest expenditure for salaries and wages. This amounted to \$566-million—an increase of 10.6 percent.

"Recoveries, transfers from reserve accounts, and profits on securities sold totaled \$161-million, and losses and charge-offs were \$93-million. Transfers to reserve accounts amounted to \$184-million which, in a large measure, was the moneys set aside as reserves for bad debts by the 2,032 banks which adopted the formula prescribed by the Commissioner of Internal Revenue.

"Net profits, after taxes, stood at \$424-million. This sum is \$29-million less than in the last preceding year due also to the heavy initial transfers to establish debt reserves."

#### Publicizing Trust Fees Basis of Gilbert T. Stephenson Study

A new Gilbert T. Stephenson study of trust business, *Publicizing Trust Charges*, has been completed and may be found in the June *Trust Bulletin*.

Mr. Stephenson poses the questions: "Should a trust institution publicize its charges for trust services? If so, for what services and in what ways?" and then analyzes the pros and cons of the subject.

#### Events Pose Questions

He lists four developments as being responsible for raising these questions, as follows:

"The inclusion in A Statement of Principles of Trust Institutions of the statement of principle about uniformity of charges; the substitution of institutional for associational schedules of charges; the increasing tendency to insert compensation provisions in trust instruments; and Eugene S. Lindemann's address at the 1947 Midwinter Trust Conference on "Putting a Price Tag on Trust Services."

July 1949

### State Bank Resources Attain Record High

#### Loans, Discounts, and Time Deposits Are Up

The importance of the 9,614 state supervised banks in the economic life of the United States is indicated by the growth of loans and discounts representing credit services to their home communities in 1948.

The Committee on State Bank Research of the State Bank Division of the American Bankers Association has published its 18th annual study of assets and liabilities of state chartered banks, which shows that the total resources of these banks reached an all-time high of \$87,274,539,000 on Dec. 31. This was an increase of \$433,701,000, or 0.5 percent in resources over 1947, according to J. Harvie Wilkinson, Jr., chairman of the Committee. who is vice-president of the State-Planters Bank and Trust Company in Richmond, Va.

#### 9,614 State Banks

"The total number of state supervised banks in the 48 states and the District of Columbia at the year end was 9,614, of which 9,082 were state commercial banks and 532 were mutual savings banks," the study says.

"The greatest increases in the principal items of assets and liabilities were in loans and discounts and time deposits. United States Government securities and demand deposits declined for both state commercial banks and mutual savings banks. At the end of 1948, holdings of United States Government securities of all state supervised banks totaled \$39,-222,317,000, a decrease of \$3,274,793,000, or 7.7 percent. Of this total, \$27,720,403,000 were held by state commercial banks, and mutual savings banks held \$11,501,914,000. Of the combined assets of all state supervised banks, Government securities were 44.9 percent.

"Other securities held by state supervised banks amounted to \$6,138,659,000 at the end of the year, an increase of \$594,-161,000 over the previous year, or 10.7 percent, representing 7 percent of total assets.

### Western Trust Conference Speakers Include Trust, Business, and Professions Leaders

The advance program for the 23rd Western Regional Trust Conference of the Trust Division of the American Bankers Association, to be held at the Hotel Utah in Salt Lake City on Aug. 17, 18, and 19, has been announced by William J. Fitzpatrick, general chairman of the Conference Committee. Mr. Fitzpatrick is assistant vice-president of the Walker Bank and Trust Company, Salt Lake City, Utah.

The hosts for this year's conference will be the trust division of the Utah Bankers Association.

Featured speakers at this conference will include: H. M. Bardt, president of the Trust Division, A.B.A., and vicepresident and senior trust officer, Bank of America N. T. and S. A., San Francisco, Calif.: Wallace F. Bennett, president, National Association of Manufacturers, Salt Lake City, Utah: Richard P. Chapman. executive vice-president, Merchants National Bank, Boston, Mass.: Wilson McCarthy, president, Denver & Rio Grande Western Railroad Company, Denver, Col.; and J. L. Robertson, Deputy Comptroller of the Currency, Washington, D. C.

In arranging the program for the conference, Thursday

afternoon, Aug. 18, has been left open for entertainment and sightseeing planned by the local committee. The advance program for the conference follows:

Chairman Fitzpatrick will preside at the first session. Other speakers include L. H. Roseberry, vice-president and manager (retired) of the trust department, Security First National Bank, Los Angeles, honorary chairman; J. Reuben Clark, Jr., first counselor in the first presidency of The Church of Jesus Christ of Latter Day Saints; and Brig. Gen. Franklin Riter, attorney and counselor, Salt Lake City, who will speak on "Perpetuities, Suspension of the Power of Alienation, and Gifts to a Class"

Honorary Chairman Roseberry will preside at the second session. The speakers will be: Trust Division President Bardt on "The Triangle of the Trust Business"; LeRoy B. Staver, trust officer, United States National Bank, Portland, on "Simplified Administration Statutes for Smaller Estates"; and Mr. Chapman, on "Trust Investment Policy and Techniques in a Changing Economy."

Robert D. Walker, estate (CONTINUED ON PAGE 82)



#### Dr. William A. Irwin A.B.A. Economist Gets Second Honorary LL.D.

### Makes Morris Harvey Commencement Talk

William A. Irwin, economist of the American Bankers Association and associate director of The Graduate School of Banking, conducted by the Association at Rutgers University, was honored by Morris Harvey College at Charleston, W. Va., at its annual commencement on May 31, when he received an honorary degree of Doctor of Laws.

Dr. Irwin delivered the commencement address for the college. His subject was "The Private College; A Useful American Institution." Following the commencement exercises, he delivered an informal discussion at a luncheon attended by about 100 West Virginia business leaders.

The award of LL.D. by Morris Harvey College is the second doctorate degree received by Dr. Irwin. He was similarly honored in 1940 by Washburn College at Topeka, Kan., where he formerly was professor of economics and head of the department for 16 years. At the Law School of that college also he earned the

degree of LL.B.

He has been a member of the staff of the American Bankers Association since 1937: first, as assistant educational director of the American Institute of Banking; then as associate and later as national educational director. Since September of 1944, he has been economist of the American Bankers Association. He is also secretary of the American Bankers Association's Economic Policy Commission.

"At the end of 1948, loans and discounts—including overdrafts—of all state supervised banks amounted to \$24,432,563,000, an increase of \$2,877,172,000, or 13.3 percent over the 1947 year end. Of these loans, state commercial banks held \$18,754,308,000 and mutual savings banks held \$5,678,255,000. The percentage of loans and discounts to total assets was 28 percent. This is the fifth consecutive year this item has shown an increase.

"Cash, reserves, and funds due from banks at the end of 1948 aggregated \$16,481,763,-000, an increase of \$139,855,-000, or 0.9 percent.

"Other assets totaled \$999,-237,000, an increase of \$97,-306,000, or 10.8 percent. This represents 1.1 percent of total assets.

"On Dec. 31, 1948, total deposits of state supervised banks

amounted to \$79,701,745,000, a decrease of \$14,810,000. The percentage of decrease is negligible. Of this amount, \$61,-299,820,000 were held by state commercial banks, and \$18,-401,925,000 were held by mutual savings banks.

"Demand deposits showed a loss of \$1,047,756,000, or 2.8 percent, to a total of \$35,889,-308,000. This item represented 45 percent of all deposits.

At the end of the year, time deposits of individuals, partnerships, and corporations showed a gain of \$823,048,000, or 2.5 percent, to a total of \$34,228,598,000. Other deposits amounted to \$9,583,839,000, an increase of \$209,898,000, or 2.2 percent.

"Total capital funds of state supervised banks at the end of 1948 increased \$299,712,000, or 4.6 percent, to a total of \$6,865,979,000."



### MIRACLE DRUGS CANNOT CURE THIS SICKNESS

We only wish there were a miraculous drug to stop a man from worrying.

Hundreds of thousands would buy it, because constant worry over money literally makes sufferers sich!

It's a sickness, however, that miracle drugs cannot cure.

Yet... something 'way short of a miracle can!

That's saving! Saving money . . . the surest, wisest way. With U.S. Savings Bonds.

All you do—if you're on payroll—is join your company's Payroll Savings Plan.

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You'll be pleased to see those savings grow. Ten years from now, when your Bonds reach maturity, you'll get back \$40 for every \$30 you invested!

Is it peace of mind you want? Start buying Bonds today!

### AUTOMATIC SAVING IS SURE SAVING — U.S. SAVINGS BONDS



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#### A.B.A. Position on Government Reorganization

(CONTINUED FROM PAGE 77)

posit Insurance Corporation, and the office of the Comptroller of the Currency—should be treated alike. Economy is not involved in this issue, for, as you know, the banks support all of these agencies, and therefore they are not a burden upon the taxpayers.

#### Criticism of A.B.A.

"Recently over the radio and in the public press, the A.B.A. has been criticized as objecting to the Hoover Commission's report," he stated. "Let us get the record straight. We favor Government reorganization of the kind that produces efficient administration and economy for the taxpayers. However, we cannot favor any Government reorganization plan that centralizes the power of the three Federal bank supervisory agencies in the hands of a single Federal authority, as one of the Hoover Commission's task force reports recommends.

"The Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Federal Reserve System are all independent agencies with different functions. Their functions do not overlap, nor do they duplicate each other in any sense; rather, each has complemented and strengthened the others. They have functioned efficiently and well. They are not dependent upon the general funds of the Government and are not a burden on the taxpayer. All of the funds of the Federal Deposit Insurance Corporation, now well in excess of \$1-billion are provided by assessments on banks. The capital of the Federal Reserve banks is provided by their member banks, and the Office of the Comptroller of the Currency is supported by charges made on the banks for examinations. Combining their functions in a single agency would not result in saving money for the taxpayers.

"Our position is that we are opposed to the centralization of the powers of these three agencies in a single agency. To enact such legislation would destroy one of the most important systems of checks and balances within the Government. These checks and balances have always been a

keystone of strength in the American system."

Turning to the opposition which the American Bankers Association made recently to the proposals of the Federal Reserve Board to make permanent the temporary powers granted by Congress last summer to increase the reserve requirements of banks and to extend the Board's control over instalment credit for another two years, Mr. Woollen deplored the fact that the Association had to take this position.

"It is a destructive, unhappy thing," he stated, "that for two successive years, banking has had to appear before Congress in open opposition to the Federal Reserve Board. The interests and purposes of the Federal Reserve Board should be identical with ours," he said. "The maintenance of the dignity and the prestige of the Federal Reserve Board is of the utmost importance to us. It is destructive for us to have a quarrel.

#### Original Conception

"Now what has been happening?" he asked. "I don't know, but I ask certain questions. As the Government has been enlarged and its authority has grown, have we been drifting away from that brilliant, original conception of the Federal Reserve System-a conception of a decentralized central banking system? Are the officers and directors of the various Federal Reserve banks wielding a less potent office in Washington than they were? Is the voice of the Federal Advisory Council heard with less attention than formerly? Is there a new philosophy which places a greater emphasis upon the supervisory function of the Federal Reserve System and less upon its service function?

"Having subscribed to principles of cooperation and of criticism, I should like to close by saying that the best specialized ability of the banking business stands ready to serve its Government by consultation on questions of fiscal management, monetary theory, central bank policy, and bank supervision. As good Americans, we stand ready to serve our country as called upon."

#### MEMBERSHIP LIST CORRECTION

In the American Bankers Association List of Members, April 15, 1949, the top of the center column on page 56 should appear as below. This is part of the listing of North Carolina members. A typographical error led to the omission of the word "Wilmington" on the fifth line in the booklet as issued, and this opportunity is being taken to make the necessary correction.

Williamston 227 Branch Banking & Tr.
Company
908 Guaranty Bank and
Trust Company
Wilmington 12. Bank of Wilmington
3 Peoples Savings Bank &
Trust Company
2. Security National Bank
1. Wilmington Savings &
Trust Company
Wilson 112 Branch Bkg. & Tr. Co.
111. National Bk. of Wilson

#### 18 Banks Become A.B.A. Members During May

Twelve newly organized banks and banking offices were included among the 18 banks which became members of the American Bankers Association during May. The monthly membership report was made by Max Stieg, chairman of the Association's Organization Committee. Mr. Stieg is cashier of the Dairyman's State Bank, Clintonville, Wisc.

The new members are:
ARIZONA: Valley National

Bank, University Office, Tucson.\*

CALIFORNIA: Federal Land Bank of Berkeley, Berkeley.

CONNECTICUT: Citizens Savings Bank, Stamford; and Hartford National Bank & Trust Company, Elmwood Branch, West Hartford.\*

DISTRICT OF COLUMBIA: City Bank of Washington, Minnesota Avenue Branch, Washington.\*

INDIANA: First State Bank, Morgantown; Union State Bank, Morristown; and Bank of Versailles. Versailles.

MICHIGAN: Peoples Bank, Manchester.

NEW YORK: Kings Highway Savings Bank, Sheepshead Bay Branch, Brooklyn\*; and Bank of Northern Brookhaven, Port Jefferson Station Branch, Port Iefferson Station.\*

NORTH CAROLINA: Lexington State Bank, Lexington.\*

PENNSYLVANIA: Beneficial Savings Fund Society, City Line Center Office, Philadelphia.\*

#### New Law Lets New York Savings Banks Invest in FHA and GI Loans

### Insured Loans in U. S. Secured by Mortgage

Wide interest is being expressed by bankers from all sections in the recently enacted New York State law permitting New York savings banks to invest up to 10 percent of their assets in loans insured by the Federal Housing Administration and in loans guaranteed under Section 505-A of the Servicemen's Readjustment Act of 1944.

This new law provides that these loans shall be secured by mortgage on property wherever located in the continental United States.

A bill, somewhat similar in scope, which would permit savings banks in Massachusetts to invest in FHA loans throughout the United States is now pending before the legislature of that state.

SOUTH CAROLINA: First National Bank of Easley, Easley.\*

TENNESSEE: Tennessee Valley Bank, North Knoxville Office, Knoxville.\*

VIRGINIA: Bank of Virginia, Granby Street Branch, Norfolk\*; Southern Bank of Norfolk, 35th Street Branch, Norfolk\*; and Merchants & Farmers Bank, High Street Branch, Portsmouth.\*

\* Newly Organized Institu-

# And still more banks

voice their approval of BURROUGHS COMMERCIAL TELLER'S MACHINES

In 46 states, 1300 banks are using Burroughs Commercial Teller's Machines to reduce lobby lines . . . save time in teller proving . . . win customer approval as modern institutions. Learn how easily you can add this important asset to your bank. Call your local Burroughs man today.



July 1949

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#### Committees Named for Western Trust Meeting

#### Salt Lake City Scene of August Conference

Committees for the Western Regional Trust Conference of the American Bankers Association, to be held in Salt Lake City, Aug. 17-19, have been announced by H. M. Bardt, president of the A.B.A. Trust Division. Mr. Bardt is vicepresident and senior trust officer of the Bank of America N. T. & S. A., San Francisco.

The conference will bring together trustmen from Arizona, California, Colorado. Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Trust Division of the Utah Bankers Association will be

The general chairman of the conference will be William J. Fitzpatrick, trust officer of the Walker Bank and Trust Company, Salt Lake City. L. H. Roseberry, retired vice-president and manager of the trust department of the Security-First National Bank, Los Angeles, has been named honorary chairman.

#### General Committee

Members of the General Committee are:

Orval W. Adams, executive vice-president, Utah First National Bank, Salt Lake City; Harmon W. Barton, vice-president, Utah Bankers Association, and vice-president, Commercial Security Bank, Ogden; S. L. Billings, president, Union Trust Company, Salt Lake



This ad is one of a 12-service newspaper series produced by the Advertising Department of the A.B.A. Other services featured are: Checking and savings accounts, home repair and equipment, FHA repair, mortgage and personal loans, safe deposit, banking by mail, travelers' checks

City; F. P. Champ, president, Cache Valley Banking Company, Logan; James W. Collins, president, Tracy Collins Trust Company, Salt Lake City; Walter E. Cosgriff, president, Continental National Bank & Trust Company, Salt Lake City; H. B. Crandall, secretary & treasurer, Utah Bankers Association, and vicepresident and cashier, First State Bank, Salina; George S. Eccles, president, First Security Bank of Utah N. A., Ogden; H. E. Hemmingway, president, Commercial Security Bank, Ogden; H. A. Snow, president, Utah Savings & Trust Company, Salt Lake City; George S. Spencer, vicepresident, Zion's Savings Bank & Trust Company, Salt Lake City; John M. Wallace, president, Walker Bank & Trust

#### Savings Turnover Study to Guide Investment and Operating Policies

To guide the management of savings banks and savings departments of commercial banks in investment and operations policies, the Savings and Mortgage Division of the American Bankers Association has prepared a study of the turnover of savings accounts during the period of 1938-1948. Included in the study are a series of charts showing the trend of turnover of time deposits in both commercial banks and mutual savings banks for the United States as a whole.

Commercial bank figures are also given for four geographical regions, and figures for savings banks are shown as state aver-

Company, Salt Lake City, Utah.

Chairmen of the other com-

mittees are: Arrangements, William J. Fitzpatrick, trust officer, Walker Bank & Trust Company, Salt Lake City; Publicity, William L. O'Meara, trust officer, Continental National Bank & Trust Company, Salt Lake City; Finance, Claron O. Spencer, assistant cashier and trust officer, Zion's Savings Bank & Trust Company, Salt Lake City; Program, J. LaMont Preece, trust officer, Tracy Collins Trust Company, Salt Lake City; Entertainment, Horace B. Whitney, trust officer, First Security Bank of Utah, N. A.; Hotels and Registration, Ralph Cowan, trust officer, First Security Bank of Utah, N. A., Salt Lake City.

#### Speakers at Western Trust Conference

(CONTINUED FROM PAGE 78)

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analyst, Valley National Bank. Phoenix, Ariz., will preside at the third conference session, Speakers on this program will include: Willis Ritter, attorney and counselor, Salt Lake City, on "Some Pitfalls in Estate and Tax Planning"; Mr. Mc. Carthy; and Deputy Comptroller Robertson.

#### Fourth Session Speakers

Robert V. Walsh, trust officer, Crocker First National Bank, San Francisco, will be the presiding officer at the fourth session. Other speakers will be: W. D. Gallagher, trust officer, Bank of America, Los Angeles; R. W. Sprague, vicepresident and trust officer (retired), The National Bank of Commerce, Seattle; and Mr. Bennett.

#### Final Session

Chairman at the final and concluding session will be, W. H. Loos, vice-president and trust officer, First Security Bank of Utah, N.A., Ogden. Mr. Loos' associates on the program will be: H. C. Schuyler, vice-president and trust officer, Union Bank and Trust Co., Helena, Mont., who will speak on "Methods of Trust Investment Review"; Laurence R. Tharp, vice-president and trust officer, Anglo California National Bank, San Francisco, on "Hazards of the Short-Cut to Avoid Probate"; and Gilbert T. Stephenson, director of trust research, The Graduate School of Bank, A.B.A., on "Making Trust Business Profitable."

#### CALENDAR

#### American Bankers Association

Western Regional Trust Conference, Hotel Utah, Aug. 17-19 Salt Lake City, Utah Oct. 30-

Nov. 2 Dec. 1-2

Annual Convention, San Francisco, Calif. Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

#### State Associations

West Virginia, The Greenbrier, White Sulphur Aug. 25-27 Springs Sept. 11-14 Savings Banks Association of Maine, Marshall

House, York Harbor

Sept. 15-17 Savings Banks Association of Massachusetts, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct. 9-11 Kentucky, Brown Hotel, Louisville
Oct. 11-12 Nebraska, Cornhusker Hotel, Lincoln

Oct. 16-17

Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H. Iowa, Hotel Fort Des Moines, Des Moines Savings Banks Association of the State of New York, Cruise, S.S. Nieuw Amsterdam to Nassau Arizona, Camelback Inn, Phoenix Oct. 17-19 Oct. 21-26

Nov. 8-9

#### Other Organizations

Sept. 19-21 Mortgage Bankers Association, Palmer House,

Chicago Consumer Bankers Association, Edgewater Gulf Hotel, Edgewater Park, Miss. Financial Public Relations Association, Edgewater Sept. 25-28

Oct. 19-22 Beach Hotel, Chicago, Ill. Oct. 23-26

National Association of Bank Auditors and Comptrollers, Bellevue-Stratford Hotel, Philadelphia, Pa. Oct. 27-29 National Association of Supervisors of State Banks. Reno, Nev.

#### Good Towns Don't Just Happen

(CONTINUED FROM PAGE 45)

corporation which leased the building and furnished and supplied a modern hotel. As a result of this cooperative effort, Canton has one of the good small hotels of the Middlewest. It has served the 24,417 guests in the past four years.

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Mr. Hawkins' conversation is filled with names like Earle Zenge, Tom Maggard, R. L. Martin, William H. Ayers, Dr. P. W. Jennings, and Frank W. Smith. All of these names and many more fit into this story. The bank's staff soon observed that, while the bank was located on one of the main corners of the business district, its location did not represent the hub of the town's trade. There were several old-time brick dwellings located in the district. Store fronts were old and obsolete. Through modernization loans and other advances of credit, the bank encouraged improvements with a goal in mind—the building of prosperous merchants serving a prosperous community. How well this goal has been reached is evidenced by the fact that, as previously stated, there are now 103 business firms located in Canton and 10 professional offices. Seventy-three of these business firms and about half of the professional men have established themselves in the town since 1935.

Major civic improvements since the establishment of the bank have cost \$5,506,500. This does not take into account the thousands of dollars worth of home modernization and repair projects.

#### **Employment Opportunities**

One of the difficulties found in these small towns is the lack of opportunity for employment. The establishment of new business firms constantly increased employment opportunities. The government dam provided some jobs and a big step forward was taken when the Canton Chamber of Commerce sponsored the location of a glove factory in town. Mr. Hawkins spent two weeks in making personal solicitations among businessmen to raise the money to provide the building which is now rented to the glove company. Through cooperative effort a profitable manufacturing concern, employing 100 people, located in the town.

The history of Culver-Stockton College, since 1935, has been eventful, too. In the spring of 1937, Dr. John H. Wood retired as president of the college and Dr. Walker H. McDonald became its head. At the time Canton State

Bank was established, the college had fewer than 200 students and only 16 members on the college staff. Its annual payroll amounted to \$34,000, and its total income was about \$68,000. The college was housed in three buildings on the campus and a nearby remodelled residence. Today the college has 512 students from 17 states. Its annual income is \$336,000. Its teaching staff numbers 34 and annual salaries total \$90,000. It has two new dormitories for women and one for men. A new library and a new stadium are under construction. Since 1935, the college has expended \$600,000 for improvements. Its trustees plan for a college with an enrolment limited to about 500.

Dr. McDonald is now a member of the board of directors of the Canton State Bank and is actively associated with Mr. Hawkins in supporting a program of civic improvement. The college owns 4,400 acres of choice farm land. Part of this acreage provides a substantial portion of food for its student body, and the college is now establishing a modern dairy as part of its farm operation.

Expenditures by students and the college increased the net income of Canton business. However, its greatest contribution to community welfare is the opportunity it provides for local boys and girls to receive a higher education and the stimulation it gives to the cultural life of the townspeople.

While the Canton State Bank is the financial center of the town, it does not neglect the surrounding farming community. The soil in surrounding farms is subject to erosion, but it shows sur-

prising results from good land management. The extension department of the Missouri College of Agriculture has for a number of years encouraged organization of what are called "soil conservation rings." A soil conservation ring is intended to include 50 farmers who put \$50 each into a fund which is matched by \$25 for each farmer from the College of Agriculture and \$25 from a local sponsor, making a total of \$5,000 for the employment of a special county agent. The agent surveys and works out farm practices for the individual farmers in the ring and cooperates with individual farmers in putting a conservation plan into operation.

#### Special Agent Hired

The Canton State Bank cooperated with two other banks in Lewis County to provide funds for the employment of a special county agent and encouraged its farmer customers to adopt soil conservation practices. Better farming throughout the entire Canton area has resulted.

Along with conservation construction, the bank encourages use of lime and soil nutrients. It financed a local merchant in this business. During the past 10 years 400,000 tons of lime have been put on Lewis County farms.

Canton has been fortunate in having a wide awake high school, which carries on an active vocational agriculture program under the direction of Frank W. Smith, the teacher of vocational agriculture. Times were hard in 1935, and the agricultural program being undertaken by the high school needed financing. Mr. Smith and school authorities thought that a revolving fund of \$1,500 to \$1,600 could be used to advantage to provide financing for the numerous projects being carried on by the Future Farmers of America chapter of the high

#### Civic Improvements Since 1934

Till Process		
\$ 70,000	Kozy Kitchen	\$ 1,000
150,000	Ayers Oil Company	70,000
60,000	Peger Brothers Welding &	
45,000	Manufacturing Co	3,000
24,000	Barkley's Funeral Home	12,000
•	Municipal Power and Light	
25,000	Company	250,000
12,000	Amos Filling Station	5,000
20,000	Canton river front	200,000
	Canton public schools	6,000
20,000	Canton Hatchery	25,000
50,000	Allen Apartments	11,500
15,000	Ayers Apartments	18,000
4,000	Carney Apartments	15,000
25,000	Government project—Canton	
15,000	Locks	3,750,000
600,000	Bill's Market	5,000
	\$ 70,000 150,000 60,000 45,000 24,000 25,000 12,000 20,000 50,000 15,000 4,000 25,000 15,000	150,000 Ayers Oil Company. 60,000 Peger Brothers Welding & 45,000 Manufacturing Co. 24,000 Barkley's Funeral Home. Municipal Power and Light 25,000 Company. 12,000 Amos Filling Station. 20,000 Canton river front. Canton public schools. 20,000 Canton Hatchery. 50,000 Allen Apartments. 15,000 Ayers Apartments. 4,000 Carney Apartments. 25,000 Government project—Canton 15,000 Locks.

school. Such a sum of money was more than the local Kiwanis Club could raise. The problem was solved when the school provided half of the funds and the Canton State Bank supplied the other half. With this money, the vocational agriculture teacher made loans to boys for the purchase of breeding ewes and heifer calves for foundation stock. Frequently, loans were also made for the balanced ration to feed such animals.

Lewis County is regarded as a deficit feed area. Although it does have a considerable acreage of rich bottom land, and Clark County-a part of which is in the Canton trading territory-has a large acreage of fertile bottom farming

land, it is, however, frequently necessary to ship in feeder grain. With the money subscribed by the school and the bank, corn and wheat were stored in quantity and retailed to the Future Farmers of America participants as their needs arose, at a nominal profit of 5 cents per bushel. Loans were made to the boys on a businesslike basis and they paid interest. Neither the school nor the bank profited from the interest. It went back into the revolving fund with the idea that eventually it would grow large enough to provide a permanent source of financing for the boys. This theory has been carried out to the extent that the bank's original investment has been returned to it.

When the fund was first started, the loans were made at the bank and the boys made their payments at the bank, However, Mr. Hawkins said that there was a feeling that this procedure gave the boys an unrealistic picture of how business was done, because they got a loan without too much trouble and without any financial statement or equity at all. The system was later changed and the loans are now made and payments are received at the school. There have been no losses in these 10 or 12 years of operation.

Eighty percent of the boys who have taken these vocational agriculture courses have been farm boys and most of them have remained on the farm. While their course of instruction has been aimed to encourage diversification of farm income, the artificial conditions existing during the war have caused these young farmers to "put their finger on the money." However, Mr. Smith said that as a result of good farming practices encouraged among this group of boys, production from the tillable ground in Lewis County has increased as much as 50 percent.

Mr. Smith was asked what cooperation he would like to have from the bank that he is not now receiving. He said that, while relationships were ideal, he would like to have more man-time by a bank representative to talk to the boys. He wants the boys to do business with the bank. For the boys who are not following farming, he thinks the contact with a banker may interest and inform them about other opportunities in the community.

All in all, Canton is a well balanced community. It is the kind of a town that almost any one would like to live in. A large part of the credit is due Mr. Hawkins, the local banker, who has not only increased the security of his bank but also of the small townspeople.

### **EVERY BUSINESS** THINKS Different

#### ... AND THE TRUCKING INDUSTRY IS!

An outstanding characteristic of the trucking industry-the industry that employs more than all other forms of transport combined - is the small average-size of each carrier.

One reason for this is the vast number of small operators, who have constituted a powerful competitive force which discouraged the risk of large capital sums. True, there are many long haul truck movements. But the bulk of the business is still local or short haul.

In turn, the operating flexibility brought about by the relatively lowfreight capacity of trucks have promoted a closer relationship between "carrier and shipper." And you can be sure, the small owner operator has developed this relationship to the fullest extent.

Under these conditions the motor carriers in your community have had a flourishing opportunity to dominate a large industry-and to warrant your investigation for untapped banking opportunities.

You'll find them good men to do business with!

Write for a free copy of "Motor Carrier Equipment Financing" for an intimate un-derstanding of America's Major Transportation ransportation



DID YOU

That even if a manufacturer sends his finished product by rail, air or water, it will finally be delivered by truck in two or three stages, viz: to the KNOW... wholesaler, to the retailer, to the





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This will indicate that on the 2nd of January we will have had an account with The First National Bank for 75 years. It may seem a long time, but I have never had an occasion to note during all these years a more pleasant relationship, and I know of no reason why this should not continue for many years more.



Your bank is cordially invited to use The First National Bank of Chicago as *your* correspondent.

Every effort will be made by us to promote and maintain the kind of helpful cooperation that brings us letters like the one quoted above.

### The First National Bank of Chicago

**Building with Chicago and the Nation Since 1863** 

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

July 1949

p says

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#### Methods and Ideas

(CONTINUED FROM PAGE 49)

#### A Birthday Booklet That Sells

In observance of its 20th anniversary, CENTRAL NATIONAL BANK of Yonkers, New York, published and copyrighted a small booklet, Of Time and Money, which was distributed to 32,000 depositors and non-depositors as a reminder not only of the birthday but of the services the bank offers.

The booklet, Vice-president Harlan H. Griswold tells BANKING, was designed to meet these specifications: It should be short and easy to read; it should have pictures, but not of bank officers in whom the public was not particularly interested; it should not be full of statistics and comparative figures in which the management also felt the public had little interest; but it must have sales appeal together with an opportunity to translate the appeal into action. To meet the last specification a return postcard was included.

Of Time and Money is printed in red and black on cream-colored paper, illustrated with cartoon drawings. The text, a short story of how time and money, "combined with work and imagination have been used to build values for many," briefly traces the growth of the bank during its two decades, with emphasis on points that may suggest ways for the bank to work for the play

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"We quickly laid a strong foundation to meet Yonkers' banking needs," it says. "We did not want an old-fashioned, forbidding palace of marble and stone but an open, warm and friendly place. A bank for everybody and where everybody is welcome . . . a bank where the officers and staff are out from to greet and serve the public with speed and courtesy. Our bank has a homey atmosphere. People say they enjoy doing business in such cheerful surroundings. It is a bank run by people who like people.

"Employees of this bank, like almost everyone else, work to make a living. Their business is putting dollars to work for you, for their city, and for themselves. These dollars they put to work can help you buy an automobile, a house or a radio. They can set you up in business, meet pressing expenses and

pay your bills. . . ."

The response to the booklet, says Mr. Griswold, has been "very encouraging."

The bank also marked its anniversary by newspaper ads in which the same story was told with the same drawings. A birthday party for directors and employees and interest account passbooks, with balances, for two young women born in Yonkers the day the bank opened were other features of the ob-

#### A Popular Home Exhibit

The New Home Buyers Exhibition of THE DIME SAVINGS BANK of Brooklyn, New York, celebrated its first birthday this Spring. In the course of the year, more than 38,000 visitors saw the dis-

A page from "Of Time and Money"



Our bank has a homey atmosphere. People say they enjoy doing business in such cheerful surroundings.

### **GEORGIA'S EXPANDING, SUH!** POSTAL RECEIPTS UP 201% TELEPHONE INSTALLATIONS UP 257% BUILDING CONSTRUCTION UP 279% AIR EXPRESS TONNAGE UP 366%

. . and the best way to obtain quick service and assure prompt advice and counsel on business problems in this rapidly expanding area, is through the excellent correspondent facilities of the Friendly Fulton. We invite your inquiry.

IN THE LAST

TEN YEARS!!!

NATIONAL BANK

FAST • DEPENDABLE • COOPERATIVE

### Where your interests are ours

Whatever your correspondent needs and problems, we approach them with the aim of serving your interests to our best ability. Banking transactions of every kind-urgent or merely routine-are handled with the care, speed and personal interest you'd require of your own staff. Lasting evidence of this is found in a correspondent relationship here.

& TRUST COMPANY

WASHINGTON.D.C.

DANIEL W. BELL President

Member Federal Deposit Insurance Corporation Member Federal Reserve System play of house plans and photographs representing building projects in Long Island communities.

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One section of the show is devoted to supplying full information on the bank's home financing plans. Catalogs describing home equipment, appliances, and furnishings are also available, and there's lounge space where visitors can leisurely study the plans and other material that interests them.

More than 8,500 copies of The Dime's booklet "Buying-Building?" were distributed during the first year.

#### "The Australian Way"

It's interesting, now and then, to take a look at what banks in other countries are doing. For instance.

The Australian banks recently published an extensive series of newspaper advertisements geared to "The Australian Way" theme. The copy was along broad public service lines.

"The human rights for which we fought through two World Wars," said one ad, "are the most valued possession of every Australian. Among these freedoms is Freedom of Choice . . . the right to say what profession or trade we shall follow, what religion we shall embrace, how we shall educate our children, how we shall invest, spend or deposit our earnings.

"Yes, Freedom is indeed the Australian Way . . . the Right Road that permits every man and woman to 'work without fear for adequate reward.'

One of the Australian bank ads



"Stop and think what it would mean to you if we were to get off this road. In a completely nationalised country you would own nothing. The Government could take all you produced . . . even your family's livelihood.

"So look for the facts behind any movement . . . any legislation . . . that would turn us off our RIGHT ROAD. Ask yourself, 'Does this follow the Australian Way?' Then make your wishes known to the law-makers you elected to Parliament."

#### A Welcome to New Employees

The New York Savings Bank, New York City, has published a personnel

manual to acquaint the new employee with the benefits he will receive, the responsibilities he assumes, and other information relative to his job and his place on the staff.

The manual is printed in color and liberally illustrated. It's bound in leather.

A brief message by President Richard L. Maloney, Jr., explains the purpose.

The current loan situation and the development of an audit program for the small banks were discussed at a meeting of bankers from southern West Virginia and southwest Virginia held recently in Roanoke under auspices of the FIRST NATIONAL EXCHANGE BANK.



### Coin Exhibit in Bank Lobby

A FEW weeks ago, the Naugatuck Valley Numismatic Association approached the officers of the Naugatuck Savings Bank with the proposition that the association be allowed to use the bank's lobby for a coin exhibit on two evenings. The exhibit was to be in celebration of National Coin Week. It was the association's feeling that a bank was a proper setting for such an exhibit and that this particular bank's lobby was especially suited for the display.

After the matter had been given a

brief review, the officers, of course, agreed to the proposition.

During the two evenings of the exhibit, admission to which was free, the lobby was filled to capacity. Comments from the public were most favorable, and the turn-out for the exhibit and the resultant publicity were very gratifying, both to the association and to the bank.

The lobby is rather long and narrow, with tellers' counters running down one side and across the back. The counters are surmounted with plate glass. The

association made frames to fit the plate glass panels and the tellers' window openings, and arranged an easel set-up for the third side. When completed and filled with an important and valuable coin and paper money collection the bank lobby became reminiscent of a wing of the Smithsonian.

One item of assistance rendered by the bank, in addition to the use of the lobby and its vault for storage, was that the bank agreed to handle all publicity in connection with the exhibit

Inasmuch as the event carried considerable news significance, all the local papers were notified and each assigned feature writers and photographers. One of the papers included a write-up in its Sunday supplement. The local radio stations carried it and a large out-oftown radio station with state-wide coverage announced it in a series of state newscasts. The bank ran a series of announcement type ads through its usual media.

Several days prior to the exhibit, part of the display was set up in the glass panels at the rear of the lobby with an attractive sign indicating that it was only a small portion of the exhibit to be displayed.

Through the cooperation of the superintendent of schools, posters were mounted on all school bulletin boards, and announcements were made at assemblies and in classes.

The association was delighted with the results, and for the bank it was an opportunity to demonstrate again its willingness to cooperate in a community affair.



In a corner of the coin exhibit are shown the four officers of the Naugatuck Valley Numismatic Association. Left to right they are Joseph Adamski, treasurer, Dr. E. T. Rogers, vice-president, Adrian C. Olson, secretary, and Oscar Schilke, president. Mr. Olson is also assistant secretary of the Naugatuck Savings Bank, where the exhibit was held



Tax exemption, broader marketability, increased yield...

## A timely new survey of the municipal bond market

Long preferred by conservative buyers, municipal bonds today command the interest of a broadened field of investors. Changes in price levels have brought some municipals to the same yield basis as many taxable bonds. Tax exemption has gained new meaning and value. Greater issue volume has created greater investment interest and broader marketability.

These and many other factors affecting municipals, including price trends and outlook, are discussed concisely in our 1949 Mid-Year Survey of the Municipal Bond Market.



Send for this helpful survey, and for tax charts showing the relative value of taxable and tax exempt bonds for individual, bank and corporate investors at various income levels. Ask for folder KC-7.

#### TAX EXEMPTION'S APPEAL

An individual with an annual taxable income between \$10,000 and \$12,000 would add as much to his net income from the purchase of a municipal bond yielding 2.25 per cent as from a taxable bond yielding 3.38 per cent.

To a bank or other corporation in the 38 per cent tax bracket, a 1.50 per cent yield on a tax exempt municipal bond is equivalent to a 2.42 per cent yield on a taxable bond. To a bank in the 53 per cent tax bracket, the yield on a 1.50 per cent tax exempt municipal is equivalent to a 3.19 per cent yield on a taxable bond.

HALSEY, STUART & CO. INC.

### Fourth Study in Public Relations Series

Personnel Relations-The Starting Point of Good Bank Public Relations

ANAGEMENT alone cannot produce the all-important services required by bank customers. A combination of management, plus equipment, methods, and competent staff members, working as a cohesive team. is necessary to create services that will satisfy the customers and build public satisfaction.

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The foregoing is the postulate on which William Powers, deputy manager of the American Bankers Association and director of the Association's Customer and Personnel Relations Department, bases Personnel Relations, the Starting Point of Good Bank Public Relations, the fourth study in the A.B.A.'s Public Relations series.

In support of this postulate, Mr. Powers pointed out that "in this country with approximately 15,000 banks, it takes nearly 70,000 officers, a great mass of equipment, a vast network of interlocking operations, and more than 300,000 tellers, bookkeepers, clerks, and other bank personnel to deliver services needed by approximately 60,-000,000 bank customers. The great majority of these customers never meet bank management face to face.

The attractive three-color cover of the Personnel Relations manual



They do, however, meet thousands of bank people who are in a position to help or harm bank public relations by the manner in which they carry their contact responsibilities."

From this springboard he poses the question: "Can there be any question about the importance of business relationships that exist between public and personnel?"

Recognizing that the personnel officer in the medium-sized and small bank frequently doubles up to head the work of two or more departments, the personnel study was personalized by slanting it at an officer in a medium-sized bank with a variety of responsibilities, including public and personnel rela-

Each of the 18 main subdivisions of the 24-page booklet is graphically illustrated with display headings and pen drawings. It is a two-color print job, with three-color cover pages. The gist of the subject matter in each section may be snatched at a glance from thumbnail synopses introducing the chapters.

These phases of personnel administration are discussed in the booklet: Hiring, testing, recording, training, educating, informing, placating, controlling, evaluating, rating, promoting, paying, protecting, assisting, inspiring, retaining, releasing, and organizing. Although it is not possible to review the book section by section, comment and quotations from a few of its chapters should suffice to give a sample preview of its practical value to the bank striving to improve its customer relations through more skilful employee selection, training, promotion, and supervision.

#### Hiring

While commenting on the source of additions and replacements of bank employees from high schools, business colleges, and universities, the study states that "since the war only 50 percent of needed additions and replacements are available through the 'old reliable' channels. . . . More effective cooperation must be extended by bank-

#### Suggestions for **Better Personnel Relations\***

IF YOU . .

Hire your new people from reliable

Test your applicants for qualifications

Record factual information on your employees' abilities

Train your employees in manual and public contact skills
Educate your staff on bank policies and

services

Inform your associates on current de-

Placate the disgruntled members of your staff

Control work assignments and build a skills inventory

Evaluate the jobs and define responsibilities carried

Rate your fellow-workers on performance and personal factors

Promote staff members by a uniform policy based on facts

Pay salaries on merit and in line with economic conditions

Protect your people against sickness, injury, and old age

Assist your troubled colleagues in solving personal problems

Inspire your organization through social, recreational and other moralebuilding activities

Retain the goodwill of voluntary sepa-

Release undesirables only after thorough study of facts and effects

Organize your efforts to eliminate any need for union intervention

You will have a firm foundation for excellent personnel relations and constructive public relations.

\*From volume no. 4 in the A.B.A.'s Public Relations Series.

ers to counselors in educational institutions." While this might turn up "criticisms of bank pay and working hours or other personnel policies," it would pave the way "for corrective explanations."

#### Training

Few trainers, says the manual, "continue their training efforts to the point where the more efficient employee is well grounded in delivering services to the public in such a way as to capitalize fully on public appreciation for the efficiency and economy that are made available to them. Or the trainers omit the further step or two in training that would prepare their trainees to use effectively their improved skills to offset the activities of competitors either in or out of the banking field.

"The aspect of training that is intended to be emphasized here is that any program of improvement in operations of manpower and equipment falls short of its true objective if it fails to help people translate those service improvements into more business-retention and business-development results."

#### Educating

The need for informing employees meeting the public as well as those behind the scenes on internal and external policies, service operations, and banking structure is emphasized by Mr. Powers as basic in an employee educational program. "No dozen nor hundred books can convey the needed facts. Actually, the changing nature of the information and the constant require-

ment for refreshment and adjustment demand that policy, service, and structure material be conveyed to staff members at frequent intervals and continuously." The method of conveyance, he says, should allow for questions and answers and two-way discussion.

#### Placating

"Psychologists constantly point out that the size or importance of a grievance can be measured only by the person holding the grievance," says the study in a discussion of adjusting employee grievances. "Good public relations depends so much upon your employees' peace of mind that you are practically required to search for the things that disturb your staff members and to provide a procedure (not just the 'open door') by which these disturbances can be properly measured and settled."

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#### Evaluating

Since comparatively few banks have formal job evaluating plans in operation, in the majority the approach is informal and consideration given only to that portion of the major factors that have to do with the manual or technical operations of the job, thus overlooking its public relations aspects. This is not enough, says the manual. "Excellent mechanical procedures manned by competent, efficient technicians do not spell success in your bank for the simple reason that banking is a very personal service which can be sold to the public only on a personal basis. Direct or indirect contact with buyers of this service is inherent in most of the jobs performed by your employees."

#### **Promoting and Paying**

The study points out that without adequate hiring procedures, employee records, training and educating procedures, inventories of skill, job evaluating, and merit rating plans, a promotion policy satisfactory to staff and management cannot be built. "Clarification of your promotion policies," it says, "helps to improve personnel relations, and, consequently, contributes to better public relations."

On the subject of paying, the study states that "In approving salaries for various positions, management is always conscious of the value of the tangible service rendered by the employee. . . . But frequently, the intangibles and not too evident influences are not weighed sufficiently."

-MARY B. LEACH

### Why Suffer Loss Pains



Owners, mortgagees, trust officers, and others responsible for safeguarding property need not fear loss pains if they are protected with property insurance in the proper amounts. If you have an insurance problem that is causing twinges now, why not consult us. But don't procrastinate-tomorrow may be too late.

### THE PHOENIX-CONNECTICUT GROUP OF FIRE INSURANCE COMPANIES, HARTFORD, CONN.

Combined Statement December 31, 1948

Assets •	•	•		٠			•			\$112,222,583
Liabilities		•	•	•						57,589,157
Surplus to	poli	cyh	olde	rs						54,633,425
Losses paid	d to	Dec	emb	er 31	. 19	948				442.822.252



#### IT'S A GOOD IDEA...

... to advertise for new and repeat Time Sales business in your Payment Coupon Books. You reach your best prospects—your customers. The cost is small. And your message is sure to receive the right attention.

Inserts, placed in timely positions between coupons, will do the job effectively and make your Payment Coupon Book an invaluable selling medium as well as a collection form. Write to head office:

Indianapolis 6, Indiana.

SINCE 1888"

#### Dollar's Worth

(CONTINUED FROM PAGE 43)

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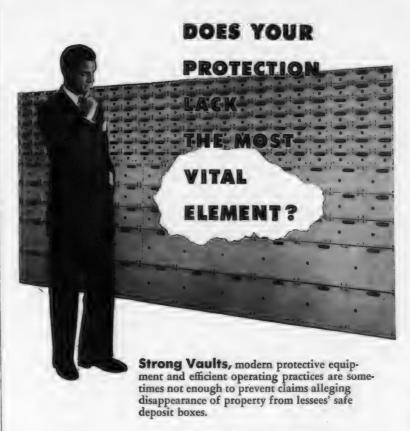
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American buying price would simply mean giving away more money to foreign countries. In reality, the device would not cost the United States many additional dollars. The basic fact of the situation is that the United States has, and is likely to continue to have, a very large export surplus which can only be financed either by outright grants or by loans which are likely never to be repaid. This being so, it is to the interest of the United States that the largest possible proportion of their export surplus should be financed through the import of gold.

Since the willingness of the United States Government to devalue the dollar would overcome the reluctance of the British Government to devalue sterling, it would remove the main obstacle to the much-needed international readjustment of exchange parities. Nor is the British Government alone in refusing, partly for considerations of prestige, to devalue its national currency. These considerations could be removed if the United States were willing that the dollar should also participate in the great readjustment scheme. Several birds could thus be killed with the same stone.

The devaluation of currencies would result in the writing up of the bookkeeping value of the gold reserves. It is true, the reserves of most countries are rather small. Nevertheless, the revaluation of these reserves would be a welcome windfall to hard-pressed finance ministers. It would provide temporary relief to the national budgets. In the case of the United States this relief would, of course, be of considerable magnitude and would go a long way towards financing Marshall Aid and rearmament expenses. Even though this consideration in itself would not be important enough to play a decisive part in the controversy for and against devaluation, it should not be overlooked altogether.

Last but by no means least, the devaluation of the dollar would remove the danger of a slump. It is true there are many people who believe that the danger is still not a slump but inflation, and, for this reason alone, they are opposed to a devaluation of the dollars as a dangerous inflationary measure. In reality, even though the devaluation would expand the basis of credit in the United States, the extent to which this potential expansion becomes actual ex-



Failure of the human element,

always possible, may result in such claims. Despite the fact that some of them may be groundless or fraudulent, *all* claims require thorough investigation.

You can complete your protection

by obtaining our Comprehensive Safe Depository Liability Policy which will: 1) pay the amount for which you may become liable up to the limits of your policy; 2) investigate all claims for alleged loss and defend you in resulting proceedings, and 3) pay the expense of adjusting claims, cost of litigation, and interest accruing after entry of judgment.

Numerous banks and safe deposit companies have found this modern protection the solution to their problem.

Call our nearest agent or your own broker before a disappearance occurs. Save yourself needless worry and possible loss.



pansion depends entirely on the deliberate monetary policy pursued by the American monetary authorities. There is no reason whatever for an automatic increase of price resulting from an allround devaluation of currencies. If the dollar were devalued unilaterally, that would be a different matter. Then the price of all goods imported by the United States would rise and this would cause a rise in the general American price level. Since, however, all or almost all other currencies would be devalued

at the same time, and most of them would be devalued to a larger extent than the dollar, the immediate effect of the all-round devaluation should be, if anything, a moderate fall in the American price level rather than a rise.

At the same time, the psychological effect of the change would go a long way towards preventing the development of a slump. Even though the devaluation of the dollar would not lead to actual inflation, the fact that it would facilitate. in case of need, the expansion of the volume of credit without having to weaken reserve requirements to that end, would create an atmosphere helpful to business revival. The removal of pessimism concerning business prospects in the United States would not be confined within the borders of the United States. Fears of the consequences of an American slump are becoming a factor in the economic situation all over the world. They tend to discourage enterprise and to slow down the recovery of Europe. From a political point of view they tend to encourage Communistic sympathizers all over the world to build their hopes on the prospects of collapse and chaos resulting from a slump in the United States. The reduction of the likelihood of such a slump would weaken considerably the influence of left wing parties in countries such as France and Italy, where they are at present strong enough to hamper effectively the progress of recovery.

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This is the case for the devaluation of the dollar. There are admittedly many arguments on the other side. What matters is that the arguments for and of the dollar.

against the devaluation should be considered in an essentially practical and businesslike spirit. No considerations of prestige should be allowed to prevent a solution which on practical grounds alone is considered satisfactory. Recent financial history abounds in instances in which vital interests had been sacrificed by stubborn refusal to devalue the national currencies. It is hoped that the United States is sufficiently conscious of its superior financial strength to feel that it could well afford to disregard undue considerations of pride and prestige when deciding on the devaluation

"Establishing convertibility of dollars into gold at the present nominal rate of \$35 an ounce could help bring the market for common stocks out of the doldrums in which it has been wallowing for several years. Congress defined the dollar in January 1934 at this rate, but for 15 years it has been ineffective, as far as the American people are concerned. Restoring control to them of their money would help stabilize prices, reduce unnecessary spending, and put some terra firma under business."-Dr. Leland Rex Robinson, vice-president of the Economists' National Committee on Monetary Policy.



KEEPS RIGHT ON IMPROVING

Long Distance is faster. Calls go through on the average in 1.6 minutes-nine times out of ten while you hold the line.

Local Service is better. The operator answers or the dial tone comes on faster than at any time since before the war. Calls go through promptly and accurately.

Equipment troubles are fewer than ever. Those reported by customers have decreased 15% from a year ago.

THE big construction program of the Bell System has resulted in important improvements in telephone service, and has brought telephones to millions of people who did not have them before.

Thousands of miles of new Long Distance lines have been added. Many cities are now linked by networks which can carry both voice and television. New and modern Western Electric equipment - the finest that can be made - is giving better, clearer, faster service to millions of telephone users, on every kind of call.

There has never been so great an expansion and improvement in telephone service as in the past three years. Still more good things are ahead for we're keeping right on with the job.

BELL TELEPHONE SYSTEM

### The A.I.B.'s Big Year

(CONTINUED FROM PAGE 51)

Wyandotte, Michigan; and Leon I. Williams, assistant vicepresident, Peoples First National Bank and Trust Company, Pittsburgh.

At its final session the convention learned of the death of A. P. Giannini, founder-chairman of Bank of America, whose interest in Institute work included his endowment of the national public speaking contest named for him. A resolu-

tion adopted by the delegates said:

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"Because of Mr. Giannini's interest, the Bank of America has been a consistent supporter of the Institute. During the years this bank's people have taken a very active part in all A.I.B. affairs and have provided much of its leadership. Mr. Giannini was quick to appreciate the value of Institute training not only for his own benefit but for banking as a whole, and his interest was manifested in many ways.

"Particularly did Mr. Giannini appreciate the value of effective speaking as a public relations instrument for banks. He will always be remembered . . . by virtue of the fact that he made possible the perpetuation of this important activity. Twenty-two years ago Mr. Giannini, by establishing the endowment which bears his name, gave recognition to the value of effective speaking as a means of interpreting

banking to the public."

The resolution called attention to the fact that a Bank of America man, Carl L. Rogers of Los Angeles, won the \$500 first prize in the 1949 National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes. It concluded by resolving that "this endowment shall be a lasting-monument" to the banker's memory.

OTHER winner's in this year's competition for the Giannini awards were: Second place, \$300, Robert D. Womer, Leba-

Winners in the National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes: Left to right, First place, \$500, Carl L. Rogers, Bank of America, Los Angeles; second place, \$300, Robert D. Womer, Lebanon County Trust Company, Lebanon, Pa.; third place, \$300, Miss Audrey V. Cherry, Citizens Trust Company, Portsmouth, Va.; fourth place, \$100, Jerry K. Meacham, Jr., BancOhio Corporation, Columbus. Right, Francis G. Stradcutter, Bank of California, San Francisco, chairman of the Institute's National Public Speaking Committee, who presided



#### The New Officers

President Taylor is a lifelong resident of Richmond and has been on the staffs of several banks there. His Institute career started as a student in 1929. He holds the Graduate Certificate in Commercial Banking and Trust Banking, and has been on Richmond Chapter's faculty. He became an Associate Councilman of the Institute in 1940, was elected Councilman for a threeyear term in 1945, and national vice-president in 1948.

Vice-president Ewart is in charge of business development and public relations at his bank. He has been active in the Institute since 1927 and, like President Taylor, holds the Graduate Certificate. At the 1935 convention he took fourth place in the public speaking contest. His service to the national organization includes work as an Associate Councilman from 1942 to 1945 and as a Councilman for the 1945–48 period.

non County Trust Company, Lebanon, Pennsylvania; third, \$200, Miss Audrey V. Cherry, Citizens Trust Company, Portsmouth, Virginia; fourth, \$100, Jerry K. Meacham, Jr., BancOhio Corporation, Columbus. The subject was "Public Relations and My Job."

The National Convention Debate was the first for the Jesse H. Jones Debate Fund awards, established in 1948 by the Houston banker to stimulate the Institute's activities along this line. Los Angeles Chapter's team, upholding the negative, won the Fund's \$600 check by defeating Detroit, which received the loser's share, \$300. The subject was "Resolved, That Federal Control of Instalment Financing Should Be Removed."

Richmond Chapter's exhibit was adjudged best of the

Los Angeles Chapter's winning debaters: L. to r., Charles Bowerman, Farmers & Merchants National Bank; S. W. Danielson, Bank of America; and Arthur E. Oliver, alternate



July 1949





J. Leroy Dart, president, Florida National Bank, Jacksonville, addressing the convention at its final session





A luncheon meeting of the National Women's Committee: l to r, seated, Misses Elizabeth Murphy, Cincinnati; Chairman Ellen T. Fisher, Toledo; Margaret Corrigan, Seattle; Ruth Sander, Kansa City, Mo.; Ruth Minner, San Francisco; standing, Anne Schoek, Newark, N. J.; Billie Jean Kincheloe, Oklahoma City

larger chapters' in the national contest for the most effective chapter publicity. Los Angeles came second in this group. Scranton was first and Toledo second in the competition among medium-sized chapters, while Oklahoma City took the only award made in the third division.

In his address to the convention President Taylor said that the Institute, "more than any other single unit within the framework of the American Bankers Association, can help meet the threat of socialized government control.

"It is only through education," he continued, "that we can develop the quality of leadership necessary for the preservation of our future well-being.

"It is our responsibility to prepare men and women for

the type of executive leadership essential to a continuation of chartered banking."

On the entertainment side at Portland, there was a trip to Timberline Lodge on Mount Hood; an expedition down the Columbia River Highway to Bonneville Dam, followed by a salmon barbecue; and, at the convention ball, a preview of the Portland Rose Carnival festivities at which President Taylor and past President Hauser were made knights of the Order of Rosaria.

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#### WASHINGTON

(CONTINUED FROM PAGE 37)

unless consumers are evidencing an increasing unwillingness to spend at prevailing prices," explained Mr. Meehan.

#### Down from Dizzy Heights

Secretary of Commerce Sawyer put it more bluntly. Noting that prices have come down from their all-time highs of 1948, he noted:

"In my opinion the changes which have occurred are not alarming, were probably inevitable, and for the most part had been asked for, even prayed for, by large sections of our population for several months," Mr. Sawyer said. He added that the tempo in which the economy was moving in 1948 was toward "dizzy" heights, toward wild inflation.

"Fortunately (and I use that term advisedly) a change came and we have now come down from the dizzy heights of inflation to a lower level of activity and prices," Mr. Sawyer stated. "Prices are probably not yet as low as they should be or will be and that applies most particularly to the cost of living."

So the spotlight was directed to consumer hesitancy. For whatever it was worth, the Federal Reserve Board's early 1949 survey of consumer intentions, announced last month, talked the same tune. The Board found that consumers expected to spend about as much this year as last, and that they were apparently keenly conscious of the prospect of price drops and that these drops would give them their first break as buyers in about a decade. Of course the material for this survey was gathered in January and February, and may or may not reflect consumers' intentions this summer of 1949.

#### Even Readjustment Means Budget Trouble

If the majority are correct in their assessment of the outlook, even a "readjustment" spells budget trouble.

This was dramatically noted in the estimate of revenues made a few weeks ago by the Joint Committee on Internal Revenue. This group of experts forecast a deficit, based upon declining revenues alone, of \$2.9-billion for the Treasury year which began this month.

Heretofore the Congress had been comfortably assuming, what was true of the late inflation era, that rising revenues would absorb rising Government expenses. The end of the inflation era also ended that prospect.

Expenditures, however, also were in danger of rising. The Congress was dis-

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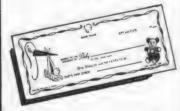
A dividend of 75¢ per share or three per cent (3%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1949, to stockholders of record as shown by the books of the company at the close of business on June 10, 1949. The stock transfer books will remain open.

May 27, 1949

L. H. LINDEMAN
Treasurer

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posed to be relatively liberal, and frantic drives to economize got under way rather late in the session.

If these efforts do not pan out, it is noted that there are important reasons for explaining their failure this year. The main drive toward economy was in the form of a straight percentage cut. Straight percentage cuts obviously must skip embedded statutory obligations, such as interest on the debt, veterans' pensions, statutory farm benefit payments, and so on ad infinitum.

There are many who feared the percentage cut would, while looking good on paper, produce little savings. They also feared that, while producing little, it would arouse as much antagonism as a carefully considered cut which actually would achieve economy of some substance.

Hence many were disposed to postpone the fundamental issue of the soundness of the Government's finances until early 1950. Then, they felt, they could fight the issue squarely.

It is important to note, however, that there has been in the last several weeks a definite and important concern over prospective Treasury deficits. This is a real and genuine concern. It should not be underestimated, simply because Congress was generally disposed to delay coming to grips with the issue this year.

It should also be noted that to achieve economy, the Congress would presumably have to fight not only those powerful groups which have a vested interest in Federal spending. Congress in all likelihood would have to fight also the top command of the Truman Administration, which had pressed for more, rather than less, in Government spending.

One of the outward signs of the economy sentiment was the decision of the House Appropriations Committee to adopt the single supply bill. Heretofore appropriations for various departments and agencies have been made separately, and passed separately.

Under the new plan no appropriation will be approved until the entire Appropriations Committee determines how much will be authorized for all Government expenses. Then the total will be divided up among the various agencies. According to theory, this will make for tighter spending control.

#### Spenders Watch Their Chance

Against this growing disposition of conservatives in Congress to economize, there is hope among the spenders and Government planners to get Congress to adopt an extravagant spending and

Government-in-business program as a means of combating economic recession.

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Already the spender-planners have served notice of their intentions. This notice was in the publication of their proposed "Economic Expansion Act of 1949." This bill provides not merely for 1930 model public works spending. It provides for much more. It provides for Government construction of factories, Government loans for industry, Government guarantees for loans. Its scope is vast.

This Economic Expansion Bill was introduced without the avowed backing of the Administration. It was thrown out as an independent enterprise of the left-wing group within the Administration, collaborating with left-wingers in Congress.

Yet the spender-planners were hoping that the political climate might next year be hospitable to their innovations. A hospitable political climate

#### Safeway Stores, Incorporated

### Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on June 10, 1949 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 30c per share and is payable July 1, 1949 to stockholders of record at the close of business June 21, 1949.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable July 1, 1949 to stockholders of record at the close of business June 21, 1949.

MILTON L. SELBY, Secretary.

Інпе 10. 1040.

### 80th

#### consecutive dividend

A quarterly dividend of 40c a share, plus an extra dividend of 5c a share, has been declared on the common stock of this company, payable on July 1, 1949, to shareholders of record June 8, 1949.

R. E. Horn, President . May 26, 1949



LABORATORIES

Manufacturing Pharmaceutical Chemists North Chicago, Illinois might come with a serious cut-back in the nation's economic activity. It is also noted that the bill in many aspects is a rewrite of the earlier, now dead, "Economic Stability Act of 1949," introduced earlier in the session with the backing of the White House.

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#### This Session Marks End of an Era

With the passing of this session of Congress, an era of banking history has come to an end. It was marked by the drive of Government to immobilize bank assets, in order to fight inflation in any of its changing forms.

The drive began with the 1945 annual report of the Board of Governors of the Federal Reserve Board, when a variety of special or secondary reserve was advocated. At that time the problem was to combat a disposition on the part of banks to sell short-term Governments and purchase long-terms.

Subsequently, when the postwar inflation flowered into full bloom, the Truman Administration sought to combat bank credit inflation generally. This issue was precipitated at the special session called by the President in November 1947. The President favored credit control generally, but the Federal Reserve Board spelled out the recommendation for the secondary reserve plan.

By common consent the secondary reserve proposition was dropped, and, by the early part of 1948, the Board adopted in lieu of the secondary reserve scheme, the proposition that it should be vested with power to call into existence up to 10 additional percentage points of reserve requirements on demand deposits, and 4 points on time deposits.

Congress rejected this proposition, but, instead, legislated at the summer 1948 special session that the Board could call into existence up to 4 points more of reserve requirements on demand deposits, and 1½ points on time deposits. In September of 1948 the Board imposed 2 points of additional reserve requirements on demand deposits and 1½ points on time deposits. This transferred a little over \$2-billion of funds from member banks into the Reserve. All but \$800-million of this additional reserve requirement was rescinded by spring.

With the opening of the 81st Congress the President specifically backed the 10- and 4-point proposition, and the Board insisted that it be applied to all members of the Federal Deposit Insurance Corporation, whether or not they were members of the Reserve System.

Congress rejected the 10 and 4 propo-



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#### UP AND AT 'EM!

GOOD merchandisers of service products recognize the distinction between acquisition cost and sales cost, although insofar as records are concerned, both, usually, are tossed into the same pot. Thus the expenditure to get the business might be all out of proportion to overall sales cost, but over a period of years the expenditure to "keep the situation sweet" and to expand the billing is, or should be, far greater than the original outlay.

A case in point is the pay-as-you-go checking account program, which for some years has commanded the interest of bankers from coast to coast. Viewed objectively, it would appear that too much money has been spent to "get the names on the ledger" and not enough spent to stimulate activity. The unit price per check is a relatively unimportant factor if activity is held down

to three or four checks per month.

If people paid ALL their bills by check the chances are good that ALL small accounts would be profitable, so it is indicated that the next big sales drive will emphasize this phase of checking account merchandising. Writing checks is a good habit and once it is formed it is seldom broken. To encourage it and influence it is a sales job of some considerable magnitude, calling for sustained effort far greater than that expended to acquire the accounts in the first place.

So to increase account revenue, reduce mortality, accelerate "feeder" value and develop pride of ownership, slant your sales program of the future more towards activity. The best prospect for insurance is the man who already carries insurance. The best prospect for banking service is that name on the ledger.



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sition, and also the idea of continuing the 4 and 11/2 points of requirements, which expired June 30. Congress did not even consider the 10 and 4 proposition, because of the changing economy.

With the ending of inflation, Congress also lost interest in the 4 and 11/2 points of supplemental requirements. An important factor in the defeat of that proposal was the insistence of the Board upon its application to the nonmembers. Congress did not feel that indirectly it should subject nonmember banks to Reserve Board supervision. and thus take an indirect step aimed against the independence of the state banking system.

With the passing of the additional reserve requirements made possible by the temporary law of 1948, banks were placed in more funds. However, it was not anticipated by officials that the additional reserves would have any appreciable effect upon bank operations, other than building up their portfolios of Governments to offset in a degree their declining earnings from a volume of loans that was shrinking with the abatement of the boom and the setting in of the economic readjustment.

#### Future of Controls Is Nebulous

Now that the higher reserve requirements have disappeared, the future of any changes there may be in Government controls may lie in the recommendations of some monetary study and the reception of Congress thereto.

One school of thought definitely

favored creating a prolonged, thorough monetary commission study of the entire monetary, credit, fiscal, and banking picture. This school recognized that much has happened since the beginning of the Roosevelt era, to change the fundamental legal and economic basis for governmental monetary

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Many conservatives feel that such a monetary study might lead to recommendations for the return once more to a metallic as opposed to a managed currency.

The Federal Reserve Board sees, in the development of the huge public debt and the agreed-on program for supporting the market prices of that debt, such a revolutionary change as has passed the Reserve System by as surely as the automobile age has passed by the carriage-maker. To be sure, however, no responsible Federal Reserve spokesman would probably put it quite that bluntly.

On the other hand, there were others who had doubts about the efficacy of a monetary study at this time. They pointed out that one of the most potent monetary factors is what the Federal Government does about its fiscal operations. Hence, if the Government enters an era of deficit financing, their changes in permanent monetary controls would have little utility, but a public investigation of monetary matters could only draw public attention to deficit financing.

Those who dislike the idea of a monetary study prefer to see it delayed





Mrs. Georgia Neese Clark (right) of Richland, Kansas, has been designated by President Truman as Treasurer of the United States, succeeding the late William A. Julian. In her home town, Mrs. Clark operates a combined bank and general store (left,) where cold cuts and cashier's checks can be obtained at adjacent counters. The name of the bank is the Richland State Bank, and Mrs. Clark is the president of it

until the issue of economy versus spending has been resolved by the Congress next year, and this issue quite well may become the biggest political battle of 1950.

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l Rey put others y of a They otent ederal operaenters anges would vestionly it fiof a layed If the Treasury is secured next year in Congress against a resumption of deficit financing, then would be an appropriate time to consider the long-range modernization of monetary controls.

### Consumer Credit Instalment

This session of Congress also killed off

finally, by failing to renew the law, the power of the Federal Reserve Board to set the maximum terms of consumer instalment loans. The limitation of the terms of consumer credit loans, however, was originally created by Executive Order during the war, was allowed to lapse, and then was temporarily reenacted by Congress.

Lapsing of this law was expected to have no effect of stimulating lending. The terms were already relaxed to such a degree by the spring of this year that they were greater in their liberality than most lenders were inclined to accept during a period of declining

#### May Be Public Financing

It may be that, before the year is out, banks will be offered a long-term security for the first time since the end of the war, as the Treasury's cash surplus diminishes and the prospect of a deficit grows. It is questionable, however, whether a bond or an intermediate term issue may come out.

prices and readjustment in the economic sphere.

#### FOR THE DRIVE-IN SCRAPBOOK

Left, the drive-in windows of the Chicago City Bank and Trust Company, which has recently been enlarged by the addition of one of the windows shown here. This bank is well pleased with its drive-in results. From 450 to 500 cars are served each day. Right, a new branch of The Winters National Bank and Trust Company, Dayton, Ohio, which has a drive-in window. This branch's unique feature, however, is its parking space for approximately 100 cars









When The Lancaster County (Pa.) National Bank opened drive-in and parking facilities early this year, it remembered its Amish customers, mostly farmers, by providing a shed where they may hitch their horses while banking. The Amish religion does not permit automobile ownership. "Whether or not the shed is used every day doesn't matter—it's there when they want it," said President W. E. Alexander

This photograph shows the facility, with a drive-in window, which the Lancaster bank has provided at its North Branch for customers who come by car. Behind the building is a parking area with a capacity of approximately 60 automobiles. At the rear is the shed for the accommodation of The Lancaster County's Amish customers, with whom it does a large volume of business. The branch opened early this year

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We believed that a sustained program was essential and, of course, that THE PURSE COMPANY facilities would be ideal to achieve that end."

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Texas Company, The	96
United States Fidelity & Guaranty Company United States Treasury Department	31 79
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dition to explaining the technical language of color in easily understood terms, the booklet contains many ideas on selecting roof color with relation to location of home, climatic effects, and architectural design, with emphasis on the fact that the roof is the key to exterior color harmony for homes. Write to the Flintkote Company, Inc., 30 Rockefeller Plaza, New York 20, New York, Attention: L. Rohe Walter.



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Also available on the same subject, a reprint from the Harvard Business Review, MARKETING PREFABRICATED HOUSES, by W. K. Wittausch. A report on the present status of the industry, its problems, weaknesses, competition and market. The article stresses the importance of quality and analyses cost of all components of prefabricating. Copies are available at 30 cents each from Harvard Business Review, Soldiers Field Station, Boston 63, Massachusetts.



HOW TO BUY AND SELL COM-MODITIES. A 28-page explanation of the economics and mechanics of American futures markets. This study of our agricultural commodities markets explains in detail the differences between cash and futures markets and analyzes the factors that cause prices to rise and fall. Designed to show how the user of commodities can employ the futures market to limit risks from

price variations. Includes summary tables showing where

commodities are traded and basic facts about all important commodity futures. A bibliography lists all of the important government publications and government crop reports. This booklet should prove of interest to bankers in agricultural areas, particularly those making crop loans. The book is offered free by Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, New York.



HOW TO MAKE YOUR RECORDS LEGIBLE AND LASTING. This 8-page illustrated booklet presents information on permanence, strength and utility of various types of paper. A chart gives recommendations as to quality of paper to be used in keeping records, based on the amount of handling they receive as well as the number of years the records are to be kept. The booklet goes on to explain why cotton fibre papers have durability and lasting qualities. Write Parsons Paper Company, Holyoke, Massachusetts.



DOUGLAS FIR OF THE WEST-ERN PINE REGION. This well illustrated 52-page booklet gives general information on Douglas Fir—supply, structure, appearance, ability to take finishes, etc. Also discusses residential and commercial uses together with heavy construction and other industrial applications. Book describes and illustrates all grades, with tables for recommended uses. Also available:

WHITE FIR OF THE WESTERN REGION, 56 pages, and LARCH OF THE WESTERN REGION, 52 pages. Offered by Western Pine Association, Yeon Building, Portland 4, Oregon.



HOW TO PLAN BETTER WINDOWS FOR YOUR NEW HOME is an attractively illustrated 24-page booklet with information on providing better light, more ventilation, conserving wall space, together with many ideas on window arrangements. Write to Detroit Steel Products Company, 2250 East Grand Boulevard, Detroit 11, Michigan.

### **New Books**

How to USE YOUR BANK. By William H. Kniffin. McGraw-Hill, New York. 225 pp. \$3.

HERE is a revised second edition of a banker's practical suggestions for the full and profitable use of bank services. As Mr. Kniffin, president of the Bank of Rockville Centre (New York) Trust Company, observes in his preface, most books on banking are written for the banker or the student; this one is for the customer.

Although millions of Americans use bank services, most of them have only an elementary knowledge of how a bank operates and what it can do for them. In Mr. Kniffin's words: "They may use a bank, but they do not understand it." His readable volume undertakes to show the reader how to make the most of bank facilities.

There are chapters on the American banking system, the bank and its depositors, management and the principles of sound banking. The journey of

a bank check is traced clearly. Uncollected funds, overdrafts, "kiting," protest, and endorsement are covered separately. There's an extensive explanation of, rather than apology for, service charges, while a long chapter on loans emphasizes, among other things, the fact that "banks today really want loans." Bank statements, trade acceptances, and deposit insurance are discussed in simple terms.

The chapters "Why Men Fail" and "The Bank and Your Estate" (the latter includes some hints on willmaking) round out a book that will help the reader understand the many things his bank can do for him besides cashing his checks and receiving his deposits.

#### Other Books

BUSINESS LAW. By Thomas Conyngton and Louis O. Bergh. Ronald Press, New York. 846 pp. \$5. Fourth edition of a college text built on an exposition of legal principles, case summaries, legal forms, and factual digests of cases.

THE INTELLIGENT INVESTOR. By Benjamin Graham. Harper, New York, 268 pp. \$3.50. A guide for the layman in the adoption of an investment policy. The author emphasizes "the virtues of a simple portfolio policy—the purchase of United States Savings Bonds plus a diversified list of leading common stocks."

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TOWARD EFFICIENT DEMOCRACY. By Arthur C. Millspaugh. The Brookings Institution, Washington, D. C. 290 pp. \$3.50. This book is concerned with government organization, particularly the question of adjusting the national Government to modern requirements. Dr. Millspaugh offers some proposals for basic alterations.

PRACTICAL EXPORTING. By Philip MacDonald. Ronald Press, New York. 348 pp. \$4. This text offers students "a thorough grounding in the fundamental procedures of the export business." The emphasis is upon exporting

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"OF THE PEOPLE, BY THE PEOPLE, FOR THE PEOPLE," John Nuveen & Co., Chicago. 107 pp. \$2.50. "An informal discussion of the merits of state and municipal bonds, with recommendations for a positive investment philosophy." The publisher is an underwriter of securities of this type.

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FLIGHT INTO HISTORY: THE WRIGHT BROTHERS AND THE AIR AGE. By Elsbeth E. Freudenthal. University of Oklahoma Press, Norman, Oklahoma. 261 pp. \$3.75. The story of the men who were "the first to demonstrate controlled mechanical flight" and who, "as businessmen, insisted on making the science and theory of aeronautics into a paying business."

HISTORICAL STATISTICS OF THE UNITED STATES, 1789–1945. U. S. Bureau of the Census, Washington, D. C. \$2.50. A statistical summary of American social and economic development since 1789, with figures for each year. This book is the promised historical supplement to the annual Statistical Abstract of the United States which, for 70 years, has been the official yearbook of the United States. The volume was prepared with the cooperation of the Social Science Research Council. Advance orders are now being accepted by the Superintendent of Documents.

#### "Let Me Introduce . . ."

· THE TOASTMASTER'S HANDBOOK. By Herbert V. Prochnow. Prentice-Hall, New York. 374 pp. \$3.95.

Mr. Prochnow, vice-president of the First National Bank of Chicago, and nationally read producer of epigrams, goes far, in this book, toward relieving the worries of the man or woman who is called upon, even occasionally, to preside at after-dinner festivities.

It provides the chairman with a wealth of useful material ranging from the responsibilities and techniques of the toastmaster, to a selection of 400 witticisms, a host of quotations, and a gold mine of humorous stories that will fit any occasions requiring a master of ceremonies. Sample introductions, suggestions for planning programs and conducting meetings, and other practical contributions to the self-assurance of the presiding officer help to make the Handbook well-nigh indispensable.

Mr. Prochnow is also the author of The Public Speaker's Treasure Chest, published several years ago.



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### THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

The Outlook. The question: how far does a recession recede? can be answered by another question. When will industrial buyers and consumers decide that the downward movement of prices has come to an end?

Now that "The Postwar Slump" has finally arrived the pessimists feel better and the optimists vice versa while both seem strangely agreed for the nonce that this period between booms will be short and not too severe.

By short is usually meant a year or so before prices level off, although some put the time as early as the coming winter. In any case it is hard to find any real fear in Washington or among business leaders that the present movement will lead to a serious depression. Some of this may be just whistling as we approach the cemetery but to the extent that business is ruled by logic instead of emotion, logic is plainly on the side of a short, mild recession.

Both business and consumers have ample purchasing power. Since the end of the war business has spent more than \$75-billion for new buildings, remodeling, and new equipment. Right now the net working capital of corporations is about \$65-billion and the liquid savings of individuals, including currency, demand deposits, savings accounts, and Government bonds, stands at approximately \$200-billion.

So we have the purchasing power but lack the desire to use it. Logically buying should not be long postponed if prices decline enough to tap a whole new sector of the mass market and business really starts to sell in the old-fashioned sense. There are already encouraging signs and plenty of them, that advertising and promotionary programs are being put into high gear and the quality of products is being improved. It was a commonly accepted fact at the close of the war that millions of potential purchasers of consumer goods were virtually priced out of the market.

The danger is that depression feeds on itself and sets in motion a downward spiral, for whose viciousness no sure cure has ever been found. One reason for being a little more hopeful about this particular situation is that the Government has powers today which, if wisely used, might set in motion a non-vicious spiral.

There are two ways mainly by which the Government pushes money into the economic system. One is the popular process of spending and lending where it will get into the most pockets. The other is through fiscal and monetary policies designed to stimulate the market for bonds and shares. Of the two, this latter result is the one which must be accomplished by some means or other before this recession will end.

#### Favorable and Unfavorable Factors

The wide difference of opinion as to the severity and duration of the present recession is explained by the fact that unfavorable and favorable elements in the picture are fairly well balanced.

On the unfavorable side might be mentioned:

This readjustment comes at the end of the longest and greatest boom of history and many observers feel that this automatically means a severe reaction.

All important indicators—prices, business loans by banks, industrial activity, retail sales, stock prices—have been declining with the fateful monotony of a dirge. Fewer new concerns are starting and failures are increasing.

There is a widespread fear that new proposals of the tax-spend-tax kind will be dreamed up to "counteract the business slump." Like the old pump priming devices of the 30's, these bring back memories, and what memories!

There is anxiety about efforts to achieve a fourth round of wage increases, on the happy-go-lucky theory that more wages make more purchasing power, make more buying, more wages, ad infinitum. Negotiations now in progress affect only about three million workers, mainly in the steel, automotive, electrical and coal industries, but the psychological results would be felt far and wide.

Recessions have poor brakes. When consumers postpone their buying, suppliers and manufacturers do a little postponing too. They lay off men and this, in turn, curtails the buying power not only of those laid off but also of those still employed who look twice at the price tag.

The situation abroad is a cloud over the whole picture. We tell ourselves we are winning the economic war abroad while our own situation, as well as that in England, France, and other areas, tends to deteriorate.

On the bright side are these considerations:

There has been only a moderate rise in the debts of business concerns and individuals, compared with the large increase in business activity.

There has been little serious speculation of any kind during this whole boom period.

Employment is holding up well, although unemployment has been increasing because of a rise in the labor force.

Personal incomes were up in the first quarter of 1949 almost 5 percent over the same period of last year.

There is large scale Government spending in prospect which, of course, was the main ingredient of the boom of the past 10 years. This is likely to continue for some time because of the Russian situation and because the Government has no other way of postponing a day of reckoning.

There is still great need for all kinds of consumer goods including housing and for more plant capacity and equipment.

Industry is in a liquid position and can face a period of cutting prices and increasing quality with confidence.

Interest rates are low and are likely to stay that way.

Lower prices will tap vast new mass markets.

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### ASH LAWN

### "Cabin-castle of the Fifth President"



From this home, two miles distant from Monticello, Monroe used to signal to his friend Thomas Jefferson

WITH a gun slung over his shoulder young James Monroe trudged several miles to school each day through the Virginia forests. His companion was John Marshall who years later as Chief Justice was to administer the oath of office when Monroe became President. In 1774 at the age of sixteen Monroe left his native Westmoreland County to enter the College of William and Mary. Little is known of his life there except that he was one of eight who signed a petition charging that the "Mistress of the College" served the students "scarce and intolerable food" while providing her brother with delicacies.

But the nation's struggle for liberty soon blotted out such trivial concerns, and at eighteen as lieutenant in a Virginia regiment Monroe joined Washington's forces in New York. He fought at Harlem and White Plains, was among the first troops to cross the Delaware and was wounded at Trenton. During the battle of Monmouth he acted as a scout for Washington who later wrote of the young Virginian, "He has in

done better." Not only was the marriage unusually happy, however, but the "not particularly attractive" Virginia Congressman served three terms as Governor of Virginia, became U.S. Senator, minister to France

she was expected to have

and to England, Secretary of State, Secretary of

While a law student, Monroe formed a close friendship with Thomas Jefferson which prompted his acquiring Ash Lawn, a plantation near Monticello, the latter's home, and there he built his "cabin-castle." This one-and-a-half story frame house was completed about 1798 under Jefferson's supervision while Monroe was in France. The gardens of Versailles are believed to have inspired the beautiful boxwood garden which Monroe planted. The twenty-six

piest of his career but his election to the Presidency obliged him to leave.

As his years of service to his country left him in straitened circumstances, Monroe was obliged to sell Ash Lawn in

1825. His last days were spent with his daughter in New York where he was a familiar figure in his black velvet knee breeches and buckled shoes.

Considerably enlarged by a subsequent owner, Ash Lawn was restored and opened to the public on Monroe's birthday, April 28, 1930.



Nursery in the happy home

War, and was twice elected President.

every instance maintained the reputation of

When Monroe married the beautiful and

aristocratic Elizabeth Kortright, her friends

"twitted her with the amiable reflection that

a brave, active and sensible officer."

View of his daughter's room years he spent at Ash Lawn were the hap-

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